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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2002

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from --------------- to --------------

Commission File Number 000-20202

CREDIT ACCEPTANCE CORPORATION
(Exact name of registrant as specified in its charter)

MICHIGAN	38-1999511
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification)
25505 WEST TWELVE MILE ROAD, SUITE 3000	
SOUTHFIELD, MICHIGAN	48034-8339
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code: 248-353-2700

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes [X]. No [ ].

Indicate the number of shares outstanding of each of the issuer's class of common stock, as of the latest practicable date.

The number of shares outstanding of Common Stock, par value $.01, on August 1, 2002 was 42,375,861.

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ITEM 1. - CONSOLIDATED FINANCIAL STATEMENTS

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED INCOME STATEMENTS

(Dollars in thousands, except per share data)	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
	(UNAUDITED)		(UNAUDITED)	
REVENUE:				
Finance charges	$ 25,522	$ 22,432	$ 50,407	$ 42,960
Lease revenue	4,428	5,573	9,587	10,640
Other income	8,639	9,318	17,453	18,482
Total revenue	38,589	37,323	77,447	72,082
COSTS AND EXPENSES:				
Operating expenses	17,037	15,652	33,045	30,689
Provision for credit losses	3,170	2,705	6,551	5,720
Depreciation of leased assets	2,566	3,169	5,507	6,098
Interest	2,457	4,016	4,762	7,821
Total costs and expenses	25,230	25,542	49,865	50,328
Operating income	13,359	11,781	27,582	21,754
Foreign exchange gain (loss)	(2)	(39)	15	(32)
Income before provision for income taxes	13,357	11,742	27,597	21,722
Provision for income taxes	4,807	4,013	12,733	7,404
Net income	$ 8,550	$ 7,729	$ 14,864	$ 14,318
Net income per common share:				
Basic	$ 0.20	$ 0.18	$ 0.35	$ 0.34
Diluted	$ 0.20	$ 0.18	$ 0.34	$ 0.34
Weighted average shares outstanding:				
Basic	42,535,312	42,020,176	42,486,667	42,229,955
Diluted	43,821,716	42,752,287	43,684,127	42,713,296

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands)

	AS OF	
	JUNE 30, 2002	DECEMBER 31, 2001
ASSETS:	(UNAUDITED)	
Cash and cash equivalents	$ 20,694	$ 15,773
Investments -- held to maturity	175	173
Automobile loans receivable	795,656	762,031
Allowance for credit losses	(5,026)	(4,745)
Automobile loans receivable, net	790,630	757,286
Floor plan receivables	6,414	6,446
Notes receivable	9,869	11,167
Investment in operating leases, net	29,246	42,774
Property and equipment, net	19,802	19,646
Other assets	5,280	8,169
Total Assets	$882,110	$861,434
LIABILITIES AND SHAREHOLDERS' EQUITY:		
LIABILITIES:		
Lines of credit	$ 91,272	$73,215
Secured financing	65,101	122,396
Mortgage note	6,562	6,918
Capital lease obligations	556	-
Accounts payable and accrued liabilities	37,402	39,307
Dealer holdbacks, net	350,689	315,393
Deferred income taxes, net	18,331	10,668
Income taxes payable	5,781	5,098
Total Liabilities	575,694	572,995
SHAREHOLDERS' EQUITY:		
Common stock	417	422
Paid-in capital	108,460	109,000
Retained earnings	200,020	185,156
Accumulated other comprehensive loss-cumulative translation adjustment	(2,481)	(6,139)
Total Shareholders' Equity	306,416	288,439
Total Liabilities and Shareholders' Equity	$882,110	$861,434

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in thousands)	SIX MONTHS ENDED JUNE 30, 2002	2001
	(UNAUDITED)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 14,864	$ 14,318
Adjustments to reconcile net cash provided by operating activities:		
Provision for credit losses	6,551	5,720
Depreciation	2,735	2,106
Depreciation of leased assets	5,507	6,098
Gain on securitization clean-up	-	(1,082)
Loss on retirement of property and equipment	276	-
Provision (credit) for deferred income taxes	7,663	(110)
Tax benefit from exercise of stock options	1,555	-
Change in operating assets and liabilities:		
Accounts payable and accrued liabilities	(1,948)	6,734
Income taxes payable	683	2,150
Income taxes receivable	-	351
Lease payment receivable	535	(223)
Unearned insurance premiums, insurance reserves and fees	(492)	218
Deferred dealer enrollment fees, net	43	782
Other assets	2,889	(1,433)
Net cash provided by operating activities	40,861	35,629
CASH FLOWS FROM INVESTING ACTIVITIES:		
Principal collected on automobile loans receivable	170,648	152,730
Advances to dealers	(155,711)	(189,320)
Payments of dealer holdback	(16,276)	(14,134)
Operating lease acquisitions	(874)	(16,848)
Deferred costs from lease acquisitions	(201)	(2,311)
Operating lease liquidations	5,792	5,855
Decreases in floor plan receivables	32	1,918
Decrease (increase) in notes receivable	1,298	(4,072)
Purchases of property and equipment	(3,168)	(3,358)
Net cash provided by (used in) investing activities	1,540	(69,540)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds under lines of credit, net	18,057	23,893
Proceeds from secured financings	28,552	97,068
Repayments of secured financings	(85,847)	(75,610)
Net proceeds under capital lease obligation	556	-
Repayment of senior notes and mortgage note	(356)	(5,621)
Repurchase of common stock	(6,325)	(3,226)
Proceeds from stock options exercised	4,225	512
Net cash provided by (used in) financing activities	(41,138)	37,016
Effect of exchange rate changes on cash	3,658	(4,185)
Net increase (decrease) in cash and cash equivalents	4,921	(1,080)
Cash and cash equivalents, beginning of period	15,773	21,316
Cash and cash equivalents, end of period	$ 20,694	$ 20,236

See accompanying notes to consolidated financial statements.

CREDIT ACCEPTANCE CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles" or "GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The results of operations for interim periods are not necessarily indicative of actual results achieved for full fiscal years. The consolidated balance sheet at December 31, 2001 has been derived from the audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2001. Certain amounts have been reclassified to conform to the 2002 presentation.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. ACCOUNTING STANDARDS

In August 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets" ("SFAS No. 144"). SFAS No. 144 supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and Long-Lived Assets to be Disposed of", and elements of APB 30, "Reporting the Results of Operations -- Reporting the Effects on Disposal of a Segment of a Business and Extraordinary, Unusual or Infrequently Occurring Events and Transactions". The main objective of this statement is to resolve implementation issues related to SFAS No. 121 by clarifying certain of its provisions. SFAS No. 144 removes goodwill from the scope of SFAS No. 121 and establishes a "primary-asset" approach to determine the cash flow estimation period for a group of assets and liabilities. Other provisions of the statement include more stringent requirements for classifying assets available for disposal and expanding the scope of activities that will require discontinued operations reporting. SFAS No. 144 is effective for fiscal years beginning after December 15, 2001, with early adoption encouraged.

Effective in 2001, the Company adopted SFAS No. 144, which resulted in a $725,000 pre-tax impairment charge to the operating expense line of the consolidated income statement. This charge was primarily for leasing software development costs impaired due to management's decision to discontinue originating leases in the first quarter of 2002. An impairment analysis is performed on the investment in operating leases on a quarterly basis. This analysis compares the undiscounted forecasted future net cash flows relating to the investment in operating leases to the value of the investment in operating leases at the balance sheet date. Based upon management's analysis, no write down in the value of the investment in operating leases was necessary at June 30, 2002. Due to the Company's limited experience in the leasing business, a substantial amount of uncertainty exists in the forecast of the future net cash flows that will be generated by the automobile lease portfolio. In future periods, if management's analysis indicates that future cash flows from the automobile lease portfolio are materially less than previously forecast, an expense to reduce the value of the investment in operating leases will be recorded.

3. AUTOMOBILE LOANS RECEIVABLE

Automobile loans receivable consisted of the following (in thousands):

	AS OF	
	JUNE 30, 2002 (UNAUDITED)	DECEMBER 31, 2001
Gross automobile loans receivable	$ 944,170	$ 906,808
Unearned finance charges	(142,762)	(138,533)
Unearned insurance premiums, insurance reserves and fees	(5,752)	(6,244)
Automobile loans receivable	$ 795,656	$ 762,031
Non-accrual automobile loans	$ 193,381	$ 181,759
Non-accrual automobile loans as a percent of total gross automobile loans	20.5%	20.0%

3. AUTOMOBILE LOANS RECEIVABLE (CONCLUDED)

A summary of changes in gross automobile loans receivable is as follows (in thousands):

	THREE MONTHS ENDED JUNE 30, 2002	THREE MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2002	SIX MONTHS ENDED JUNE 30, 2001
	(UNAUDITED)		(UNAUDITED)	
Balance, beginning of period	$ 937,632	$ 741,530	$ 906,808	$ 674,402
Gross amount of automobile loans accepted	146,850	200,519	338,931	411,545
Legal and repossession fees	6,014	5,720	12,344	12,031
Gross automobile loans reacquired from securitization	-	2,918	-	2,918
Cash collections on automobile loans accepted	(117,293)	(104,980)	(238,703)	(212,100)
Charge-offs	(39,719)	(36,674)	(81,554)	(69,483)
Currency translation	10,686	(1,752)	6,344	(12,032)
Balance, end of period	$ 944,170	$ 807,281	$ 944,170	$ 807,281

A summary of the allowance for credit losses is as follows (in thousands):

	THREE MONTHS ENDED JUNE 30, 2002	THREE MONTHS ENDED JUNE 30, 2001	SIX MONTHS ENDED JUNE 30, 2002	SIX MONTHS ENDED JUNE 30, 2001
	(UNAUDITED)		(UNAUDITED)	
Balance, beginning of period	$4,909	$3,797	$4,745	$4,640
Provision for loan losses	491	-	951	-
Charge-offs	(461)	-	(733)	(799)
Currency translation	87	(13)	63	(57)
Balance, end of period	$5,026	$3,784	$5,026	$3,784

4. INVESTMENT IN OPERATING LEASES

The composition of net investment in operating leases consisted of the following (in thousands):

	AS OF JUNE 30, 2002	AS OF DECEMBER 31, 2001
	(UNAUDITED)	
Gross leased assets	$ 38,774	$ 50,054
Accumulated depreciation	(12,461)	(11,657)
Gross deferred costs	5,239	6,831
Accumulated amortization of deferred costs	(2,817)	(2,786)
Lease payments receivable	2,791	3,308
Investment in operating leases	31,526	45,750
Less: Allowance for lease vehicle losses	(2,280)	(2,976)
Investment in operating leases, net	$ 29,246	$ 42,774

4. INVESTMENT IN OPERATING LEASES (CONCLUDED)

A summary of changes in the investment in operating leases is as follows (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
	(UNAUDITED)		(UNAUDITED)	
Balance, beginning of period	$38,023	$49,720	$45,750	$44,944
Gross operating leases originated	22	7,230	1,075	19,159
Depreciation of operating leases	(2,566)	(3,169)	(5,507)	(6,098)
Lease payments due	4,415	5,359	9,397	10,461
Collections on operating leases	(3,998)	(4,730)	(8,641)	(9,245)
Charge-offs	(559)	(452)	(1,291)	(993)
Operating lease liquidations	(4,087)	(4,187)	(9,517)	(8,386)
Currency translation	276	101	260	30
Balance, end of period	$31,526	$49,872	$31,526	$49,872

A summary of the allowance for lease vehicle losses (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
	(UNAUDITED)		(UNAUDITED)	
Balance, beginning of period	$ 2,411	$ 2,115	$ 2,976	$ 2,023
Provision for lease vehicle losses	1,311	1,575	2,770	2,810
Charge-offs	(1,442)	(1,358)	(3,466)	(2,501)
Balance, end of period	$ 2,280	$ 2,332	$ 2,280	$ 2,332

5. DEALER HOLDBACKS AND RESERVE FOR ADVANCE LOSSES

Dealer holdbacks consisted of the following (in thousands):

	AS OF	
	JUNE 30, 2002	DECEMBER 31, 2001
	(UNAUDITED)	
Dealer holdbacks	$ 751,861	$ 721,365
Less: advances (net of reserve of $10,197 and $9,161 at June 30, 2002 and December 31, 2001, respectively)	(401,172)	(405,972)
Dealer holdbacks, net	$ 350,689	$ 315,393

5. DEALER HOLDBACKS AND RESERVE FOR ADVANCE LOSSES (CONCLUDED)

A summary of the change in the reserve for advance losses (classified with net dealer holdbacks in the accompanying balance sheets) is as follows (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
	(UNAUDITED)		(UNAUDITED)	
Balance, beginning of period	$10,009	$7,252	$ 9,161	$ 6,788
Provision for advance losses	1,368	1,130	2,830	2,910
Charge-offs	(1,409)	(314)	(1,974)	(1,514)
Currency translation	229	(18)	180	(134)
Balance, end of period	$10,197	$8,050	$10,197	$ 8,050

6. NET INCOME PER SHARE

Basic net income per share has been computed by dividing net income by the weighted average number of common shares outstanding. Diluted net income per share has been computed by dividing net income by the total of the weighted average number of common shares and common stock equivalents outstanding. Common stock equivalents included in the computation represent shares issuable upon assumed exercise of stock options that would have a dilutive effect.

7. RELATED PARTY TRANSACTIONS

In the normal course of its business, the Company regularly accepts assignments of automobile loans originated by affiliated dealer-partners owned by the Company's: (i) majority shareholder and Chairman; and (ii) President. Automobile loans accepted from these affiliated dealer-partners were approximately $3.9 million and $8.7 million or 2.6% of total automobile loan originations for the three and six months ended June 30, 2002, respectively, and $4.5 million and $10.2 million or 2.2% and 2.5% of total automobile loan originations for the same periods in 2001. Automobile loans receivable from affiliated dealer-partners represented approximately 2.6% and 2.4% of the gross automobile loans receivable balance as of June 30, 2002 and December 31, 2001, respectively. The Company accepts automobile loans from affiliated dealer-partners and nonaffiliated dealer-partners on the same terms. Based upon management's analysis, the average return on capital on the business originated by affiliated dealer-partners is currently higher than the average return on capital for non-affiliated dealer-partners. Affiliated dealer-partners' advances were $10.0 million or 2.1% of total advances and $9.3 million or 2.0% of total advances as of June 30, 2002 and December 31, 2001, respectively. The Company received fees for marketing services provided to affiliated dealer-partners owned by the Company's majority shareholder and Chairman and the Company's President totaling $19,000 and $27,000 for the three and six months ended June 30, 2002, respectively.

The Company receives interest income and fees from: (i) a note receivable of $1.5 million as of June 30, 2002 and December 31, 2001, respectively, from the Company's President; and (ii) a working capital loan to the Company's majority shareholder and Chairman with a balance of zero and $66,000 as of June 30, 2002 and December 31, 2001, respectively. Total income earned on the note receivable and working capital loan was $19,000 and $38,000 for the three and six months ended June 30, 2002 and $12,000 and $24,000 for the same periods in 2001.

8. INCOME TAXES

The Company's effective tax rate was 36.0% and 46.1% for the three and six months ended June 30, 2002 compared to 34.2% and 34.1% for the same periods in 2001. These increases are primarily due to the amount recorded in the three and six months ended June 30, 2002, for additional income taxes that would be due upon the repatriation of the cumulative undistributed earnings of the Company's United Kingdom business unit. For the six months ended June 30, 2002, the increase was partially offset by a change in estimate for state income tax owed as a result of the re-characterization of income due to an Internal Revenue Service examination.

9. BUSINESS SEGMENT INFORMATION

The Company is organized into three primary business segments: the North America Operation ("North America"), the United Kingdom Operation ("United Kingdom") and the Automobile Leasing Operation ("Automobile Leasing"). Selected segment information is set forth below (in thousands):

	THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2002	2001	2002	2001
	(UNAUDITED)		(UNAUDITED)	
Revenue:				
North America	$28,683	$25,600	$56,731	$48,877
United Kingdom	5,125	5,854	10,445	11,961
Automobile Leasing	4,781	5,869	10,271	11,244
Total revenue	$38,589	$37,323	$77,447	$72,082
Income before provision for income taxes:				
North America	$11,977	$10,642	$25,349	$19,269
United Kingdom	1,899	2,123	3,613	4,608
Automobile Leasing	(519)	(1,023)	(1,365)	(2,155)
Total income before provision for income taxes	$13,357	$11,742	$27,597	$21,722

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

GENERAL

The Company's business model relies on its ability to forecast loan performance. The Company forecasts drive its ability to price and structure profitable loan transactions as well as determine its required reserve for advance losses. If the Company produces disappointing results, it will likely be because the Company overestimated future loan performance. The following table presents advance rates and collection rates, expressed as a percent of total loan value, for the past 10 years:

	June 30, 2002			
Year	Forecasted Collection %	Advance %	Spread %	% of Forecast Realized
1992	81%	35%	46%	100%
1993	76%	37%	38%	100%
1994	62%	42%	20%	100%
1995	56%	46%	10%	98%
1996	57%	49%	8%	97%
1997	60%	49%	11%	97%
1998	68%	50%	19%	97%
1999	73%	54%	19%	92%
2000	72%	53%	20%	78%
2001	70%	49%	21%	41%

The Company first published forecasted collection rates in its 2001 Annual Report. The following table compares the Company's current forecast with the forecast published at year end.

Year	December 31, 2001 Forecasted Collection %	June 30, 2002 Forecasted Collection %	Variance
1992	81%	81%	0%
1993	76%	76%	0%
1994	62%	62%	0%
1995	56%	56%	0%
1996	57%	57%	0%
1997	60%	60%	0%
1998	69%	68%	(1%)
1999	73%	73%	0%
2000	73%	72%	(1%)
2001	70%	70%	0%

RESULTS OF OPERATIONS

THREE AND SIX MONTHS ENDED JUNE 30, 2002 COMPARED TO THREE AND SIX MONTHS ENDED JUNE 30, 2001

The Company's presentation of financial results and subsequent analysis is based on analyzing the income statement as a percent of capital invested. Since early 2000, the Company has internally viewed its business results in this manner and believes it allows for a more transparent and simplified presentation. The Company's future results will depend on its ability to increase the return on capital and the amount of capital invested per share, while maintaining an appropriate balance between equity and debt. The results of operations are disclosed as "Reported" in the Company's Consolidated Income Statements and as "Adjusted" with certain adjustments as described in the notes to the tables. These adjustments have been made in order to present a more useful analysis of economic profit and are described in footnotes following each of the tables. The figures in the tables expressed as a percent of average capital reflect the "Adjusted" amount as a percent of average capital for the period and are presented on an annualized basis to facilitate period to period comparisons. Management's discussion of results of operations focuses on the adjusted results of operations.

Consolidated

The following table presents certain income statement data on a consolidated basis as a percent of average capital invested, for the periods indicated.

(Dollars in thousands, except per share data)	THREE MONTHS ENDED JUNE 30, 2002			THREE MONTHS ENDED JUNE 30, 2001		
	REPORTED	ADJUSTED	% OF CAPITAL	REPORTED	ADJUSTED	% OF CAPITAL
REVENUE:						
Finance charges	$ 25,522	$ 25,522	20.4%	$ 22,432	$ 22,432	18.6%
Lease revenue	4,428	4,428	3.5	5,573	5,573	4.6
Other income(1)	8,639	8,639	6.9	9,318	8,236	6.8
Total revenue	38,589	38,589	30.8	37,323	36,241	30.0
COSTS AND EXPENSES:						
Operating expenses(2), (3)	17,037	16,589	13.2	15,652	15,003	12.5
Provision for credit losses	3,170	3,170	2.5	2,705	2,705	2.2
Depreciation of leased assets	2,566	2,566	2.1	3,169	3,169	2.6
Interest	2,457	2,457	2.0	4,016	4,016	3.3
Total costs and expenses	25,230	24,782	19.8	25,542	24,893	20.6
Operating income	13,359	13,807	11.0	11,781	11,348	9.4
Foreign exchange loss	(2)	(2)	-	(39)	(39)	-
Income before provision for income taxes	13,357	13,805	11.0	11,742	11,309	9.4
Provision for income taxes(4), (5)	4,807	4,964	4.0	4,013	3,861	3.2
Net income	$ 8,550	$ 8,841	7.0%	$ 7,729	$ 7,448	6.2%
Return on capital ("ROC")(6)		8.4%			8.4%	
Weighted average cost of capital ("WACC")(7)		9.7%			10.0%	
Spread		(1.3%)			(1.6%)	
Average capital (8)		$ 499,988			$ 482,577	
Economic loss (9)		$ (1,657)			$ (1,931)	
Adjusted weighted average shares outstanding (10)		47,207,810			46,865,471	
Economic loss per share (11)		$ (0.04)			$ (0.04)	

(Dollars in thousands, except per share data)	SIX MONTHS ENDED JUNE 30, 2002			SIX MONTHS ENDED JUNE 30, 2001		
	REPORTED	ADJUSTED	% OF CAPITAL	REPORTED	ADJUSTED	% OF CAPITAL
REVENUE:						
Finance charges	$ 50,407	$ 50,407	20.0%	$ 42,960	$ 42,960	18.5%
Lease revenue	9,587	9,587	3.8	10,640	10,640	4.6
Other income(1)	17,453	17,453	6.9	18,482	17,400	7.5
Total revenue	77,447	77,447	30.7	72,082	71,000	30.6
COSTS AND EXPENSES:						
Operating expenses (2), (3)	33,045	32,619	12.9	30,689	30,040	12.9
Provision for credit losses	6,551	6,551	2.6	5,720	5,720	2.5
Depreciation of leased assets	5,507	5,507	2.2	6,098	6,098	2.6
Interest	4,762	4,762	1.9	7,821	7,821	3.4
Total costs and expenses	49,865	49,439	19.6	50,328	49,679	21.4
Operating income	27,582	28,008	11.1	21,754	21,321	9.2
Foreign exchange (gain) loss	15	15	--	(32)	(32)	--
Income before provision for income taxes	27,597	28,023	11.1	21,722	21,289	9.2
Provision for income taxes(3), (4), (5)	12,733	10,067	4.0	7,404	7,252	3.1
Net income	$ 14,864	$ 17,956	7.1%	$ 14,318	$ 14,037	6.1%
Return on capital ("ROC") (6)		8.4%			8.3%	
Weighted average cost of capital ("WACC") (7)		9.4%			10.1%	
Spread		(1.1%)			(1.9%)	
Average capital (8)		$ 504,440			$ 464,809	
Economic loss (9)		$ (2,697)			$ (4,328)	
Adjusted weighted average shares		47,159,165			47,075,250	

outstanding (10)		
Economic loss per share (11)	$ (0.06)	$ (0.09)

(1) For the three and six months ended June 30, 2001, the adjusted column reflects the reversal of a gain of ($1,082,000) related to an exercised clean-up call on the July 1998 securitization.

(2) Generally accepted accounting principles ("GAAP") require the Company to record an expense relating to performance-based stock options. The Company believes adding back the recorded GAAP expense combined with the adjustment discussed in footnote (7) accurately reflects the true cost of stock options. Refer to "Stock Options." For the three and six months ended June

30, 2002 the GAAP expense associated with performance-based stock options granted in 1999 in the amount of ($448,000) and ($755,000) was added back to the adjusted column.

(3) For the six months ended June 30, 2002, the adjusted column reflects an adjustment to increase operating expenses by $329,000 and the provision for income taxes by $634,000 to reverse amounts recorded as a result of a change in estimate for state income tax owed as a result of the re-characterization of income as a result of an Internal Revenue Service examination. For the three and six months ended June 30, 2001, the adjusted column reflects the reversal of a charge of ($649,000) for executive severance.

(4) For the six months ended June 30, 2002, an adjustment of $3,713,000 was recorded to reflect additional taxes that would be due upon repatriation of currently undistributed earnings in the Company's United Kingdom business unit. $3,564,000 of this adjustment related to earnings generated from inception of the business unit through December 31, 2001. The adjusted column represents the reversal of this amount.

(5) The adjustments described in footnotes (1) - (4) resulted in a net impact on the provision for income taxes of $157,000 and ($2,666,000) for the three and six months ended June 30, 2002 and ($152,000) for the three and six months ended June 30, 2001.

(6) Return on capital is equal to net income plus interest expense after tax divided by average capital.

(7) Weighted average cost of capital is equal to the sum of: (i) the after-tax cost of debt multiplied by the ratio of average debt to average capital, plus (ii) the cost of equity multiplied by the ratio of average equity to average capital. The cost of equity is assumed to be equal to the 30-year Treasury bond rate plus 6% plus two times the ratio of the Company's interest bearing debt to equity. For purposes of computing economic profit, the Company has added to shareholders' equity as reported under GAAP $26,875,000 and $25,481,000 in the three and six months ended June 30, 2002, respectively, and $22,838,000 and $21,771,000 in the three and six months ended June 30, 2001, respectively. Amounts added to shareholders' equity represent the average amount of capital employed to repurchase shares consistent with the Company's practices regarding stock options.

(8) Average capital is equal to the average amount of debt and equity during the period, which includes the additions to shareholders' equity as reported under GAAP discussed in footnote (7).

(9) Total economic loss equals the Spread (ROC minus WACC) multiplied by average capital.

(10) Amount includes actual weighted average shares outstanding plus total stock options outstanding. This differs from shares used for GAAP earnings per share, which include only a portion of options outstanding.

(11) Economic loss per share equals the economic loss divided by the adjusted weighted average shares outstanding.

The Company's economic loss, as adjusted, improved to ($1,657,000) and ($2,697,000) for the three and six months ended June 30, 2002 from ($1,931,000) and ($4,328,000) for the same periods in 2001. These improvements were primarily due to a reduction in the weighted average cost of capital, and for the six months ended June 30, 2002 an improvement in the return on capital. The reduction in the weighted average cost of capital was a result of lower interest rates during the period. The improvement in the return on capital for the six months ended June 30, 2002 was primarily due to an increase in capital invested in North America, which generates a higher return on capital than the Company's other segments and an increase in the return on capital in North America, partially offset by a decrease in the return on capital in the United Kingdom.

The results of operations for the Company as a whole are attributable to changes described in the North America, United Kingdom, and Automobile Leasing business segments. The following discussion of the results of operations for interest expense is provided on a consolidated basis, as the explanation is not meaningful by business segment.

Interest expense. Interest expense, as a percent of average capital, decreased to 2.0% and 1.9% for the three and six months ended June 30, 2002 from 3.3% and 3.4% for the same periods in 2001. The decrease in interest expense, as a percent of average capital, was primarily the result of the decrease in the weighted average interest rate to 5.6% and 5.1% for the three and six months ended June 30, 2002 from 8.0% and 8.9% for the same periods in 2001, which was the result of a decrease in the average interest rate on the Company's variable rate debt, including the lines of credit and secured financing, and the repayment of the senior note debt.

North America

The following table presents certain income statement data for the Company's North American operations as a percent of average capital invested, for the periods indicated.

(Dollars in thousands, except per share data)	THREE MONTHS ENDED JUNE 30, 2002			THREE MONTHS ENDED JUNE 30, 2001		
	REPORTED	ADJUSTED	%OF CAPITAL	REPORTED	ADJUSTED	% OF CAPITAL
REVENUE:						
Finance charges	$ 20,876	$ 20,876	21.7%	$ 17,077	$ 17,077	19.5%
Other income (1)	7,807	7,807	8.1	8,523	7,441	8.5
Total revenue	28,683	28,683	29.8	25,600	24,518	28.0
COSTS AND EXPENSES:						
Operating expenses(2)	14,383	13,935	14.5	12,061	12,061	13.7
Provision for credit losses	680	680	0.7	407	407	0.5
Interest	1,638	1,638	1.7	2,451	2,451	2.8
Total costs and expenses	16,701	16,253	16.9	14,919	14,919	17.0
Operating income	11,982	12,430	12.9	10,681	9,599	11.0
Foreign exchange loss	(5)	(5)	--	(39)	(39)	--
Income before provision for income taxes	11,977	12,425	12.9	10,642	9,560	11.0
Provision for income taxes(4), (5)	4,493	4,650	4.8	3,748	3,369	3.8
Net income	$ 7,484	$ 7,775	8.1%	$ 6,894	$ 6,191	7.2%
Return on capital ("ROC")*		9.2%			8.9%	
Weighted average cost of capital ("WACC")*		9.5%			9.8%	
Spread		(0.3%)			(0.9%)	
Average capital(6)		$ 385,382			$ 351,098	
Economic loss*		$ (146)			$ (856)	
Adjusted weighted average shares outstanding*		47,207,810			46,865,471	
Economic loss per share*		$ --			$ (0.02)	

(Dollars in thousands, except per share data)	SIX MONTHS ENDED JUNE 30, 2002			SIX MONTHS ENDED JUNE 30, 2001		
	REPORTED	ADJUSTED	% OF CAPITAL	REPORTED	ADJUSTED	% OF CAPITAL
REVENUE:						
Finance charges	$ 40,898	$ 40,898	21.3%	$ 32,276	$ 32,276	19.3%
Other income(1)	15,833	15,833	8.2	16,601	15,519	9.3
Total revenue	56,731	56,731	29.5	48,877	47,795	28.6
COSTS AND EXPENSES:						
Operating expenses(2), (3)	27,194	26,768	13.9	24,101	24,101	14.4
Provision for credit losses	1,196	1,196	0.6	808	808	0.5
Interest	3,004	3,004	1.6	4,667	4,667	2.8
Total costs and expenses	31,394	30,968	16.1	29,576	29,576	17.7
Operating income	25,337	25,763	13.4	19,301	18,219	10.9
Foreign exchange gain(loss)	12	12	--	(32)	(32)	--
Income before provision for income taxes	25,349	25,775	13.4	19,269	18,187	10.9
Provision for income taxes(3), (4), (5)	12,251	9,585	5.0	6,788	6,409	3.8
Net income	$ 13,098	$ 16,190	8.4%	$ 12,481	$ 11,778	7.1%
Return on capital ("ROC")*		9.5%			8.9%	
Weighted average cost of capital ("WACC")*		9.3%			9.9%	
Spread		0.2%			(1.0%)	
Average capital(6)		$ 383,886			$ 333,954	

Economic profit (loss)*	$ 573	$ (1,921)
Adjusted weighted average shares outstanding*	47,159,165	47,075,250
Economic profit (loss) per share*	$ 0.01	$ (0.04)

* For further explanation see corresponding footnotes in the Consolidated section.

(1) For the three and six months ended June 30, 2001, the adjusted column reflects the reversal of a gain of ($1,082,000) related to an exercised clean-up call on the July 1998 securitization.

(2) For the three and six months ended June 30, 2002, the GAAP expense associated with performance-based stock options granted in 1999 in the amount of ($448,000) and ($755,000) was added back to the adjusted column.

(3) For the six months ended June 30, 2002, the adjusted column reflects an adjustment to increase in operating expenses by $329,000 and the provision for income taxes by $634,000 to reverse amounts recorded as a result of a change in estimate for state income tax owed as a result of the re-characterization of income as a result of an Internal Revenue Service examination.

(4) For the six months ended June 30, 2002, an adjustment of $3,713,000 was recorded to reflect additional taxes that would be due upon repatriation of currently undistributed earnings in the Company's United Kingdom business unit. $3,564,000 of this adjustment related to earnings generated from inception of the business unit through December 31, 2001. The adjusted column represents the reversal of this amount.

(5) The adjustments described in footnotes (1) - (4) resulted in a net impact on the provision for income taxes of $157,000 and ($2,666,000) for the three and six months ended June 30, 2002 and ($379,000) for the three and six months ended June 30, 2001.

(6) Average capital is equal to the average amount of debt and equity during the period. For purposes of computing economic profit, the Company has added to shareholders' equity as reported under GAAP $25,994,000 and $24,674,000 in the three and six months ended June 30, 2002, respectively, and $22,838,000 and $21,771,000 in the three and six months ended June 30, 2001, respectively. Amounts added to shareholders' equity represent the average amount of capital employed to repurchase shares consistent with the Company's practices regarding stock options.

Finance charges. Finance charges, as a percent of average capital, increased to 21.7% and 21.3% for the three and six months ended June 30, 2002 from 19.5% and 19.3% for the same periods in 2001. The increase was primarily due to a reduction in the amount advanced to dealer-partners as a percent of the gross loan amount. This increase is partially offset by an increase in the percent of non-accrual loans to 19.0% for the six months ended June 30, 2002 from 17.2% for the same period in 2001 due to a reduction in automobile loan originations in 2002.

Other income. Other income, as a percent of average capital, decreased to 8.1% and 8.2% for the three and six months ended June 30, 2002 from 8.5% and 9.3% for the same periods in 2001. This decrease was due to a reduction in: (i) premiums earned on the Company's credit life insurance program due to a decrease in the penetration rates; (ii) premiums earned on the Company's collateral protection program, which was discontinued in April 2001; and (iii) revenue from secured lines of credit offered to certain dealer-partners. The Company began to reduce its investment in this product in the third quarter of 2001. These decreases were partially offset by an increase in revenue from fees paid by dealer-partners for the use of the Company's internet based origination system due to an increase in the number of dealer-partners using the system.

Operating expenses. Operating expenses, as a percent of average capital, increased to 14.5% for the three months ended June 30, 2002 from 13.7% for the same period in 2001. This increase was primarily due to: (i) an increase in salaries and wages due to an increase in headcount; (ii) an increase in legal expense due to an increase in amounts accrued to cover anticipated future settlements (see "Part II - Item 1. Legal Proceedings"); and (iii) the write-off of computer software. The increase was partially offset by prior year expenses relating to the mailing of privacy rights statements to consumers in May 2001.

Operating expenses, as a percent of average capital, decreased to 13.9% for the six months ended June 30, 2002 from 14.4% for the same period in 2001. This decrease was primarily due to: (i) a decrease in taxes due to a re-characterization of the Company's revenue for state tax reporting purposes resulting in a decrease in state tax expenses which are classified as operating expenses; (ii) sales and marketing expense remaining consistent in comparison to an increase in average capital invested; (iii) a decrease in provision for losses on secured line of credit loans, due to the Company beginning to reduce its investment in this product in third quarter of 2001; and (iv) a decrease in expenses relating to the mailing of privacy rights statements to consumers in May 2001. This decrease was partially offset by: (i) an increase in salaries and wages due to higher average wage rates and an increase in headcount; (ii) an increase in legal expense due to an increase in amounts accrued to cover anticipated future settlements (see "Part II - Item 1. Legal Proceedings"); and (iii) the write-off of computer software.

Provision for credit losses. Provision for credit losses, as a percent of average capital, increased to 0.7% and 0.6% for the three and six months ended June 30, 2002 from 0.5% for the same periods in 2001. The provision for credit losses consists of two components: (i) a provision for losses on advances to dealer-partners that are not expected to be recovered through collections on the related automobile loan portfolio; and (ii) a provision for earned but unpaid revenue on automobile loans which were transferred to non-accrual status during the period. The provision for earned but unpaid revenue on automobile loans increased, as a percent of average capital, for the three and six months ended June 30, 2002 compared to the same periods in 2001 primarily due to an increase in the percent of non-accrual loans. The provision for losses on advances decreased, as a percent of average capital, for the three and six months ended June 30, 2002 compared to the same periods in 2001 due to an increase in the spread between the advance rate and forecasted collection rate.

Provision for income taxes. The provision for income taxes, as a percent of average capital, increased to 4.8% and 5.0% for the three and six months ended June 30, 2002 from 3.8% for the same periods in 2001 as a result of an increase in pre-tax profitability for the three and six months ended June 30, 2002 compared to the same periods in 2001. To a lesser extent, the increase for the six months ended June 30, 2002 was due to an increase in the effective tax rate compared to the same period in 2001 as a result of a re-characterization of the Company's revenue for state tax reporting purposes.

Return on capital. The return on capital increased to 9.2% and 9.5% for the three and six months ended June 30, 2002 from 8.9% for the same periods in 2001. This increase was primarily due to an increase in finance charge revenue, as a percent of average capital, partially offset by a reduction in other income and an increase in operating expenses, as a percent of average capital, as described above.

Average capital. Average capital increased to $385.4 million and $383.9 million for the three and six months ended June 30, 2002 from $351.1 million and $334.0 million for the same periods in 2001, representing increases of 9.8% and 14.9%. The increase is a result of increased loan origination volumes in 2001. While loan origination volumes declined 17.5% and 8.8% during the three and six months ended June 30, 2002 compared to the same periods in 2001, loan origination volumes increased significantly in 2001. The following is a summary of loan origination volumes and dealer partner information over the past three years and the interim periods of 2002 and 2001:

(Dollars in thousands)				THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	2000	2001	2002	2001	2002	2001
Originations	$386,713	$384,743	$659,485	$137,485	$166,570	$312,028	$342,239
Number of loans originated	47,759	47,620	62,675	11,990	15,656	28,092	34,839
Dealer-partners:							
Number of active dealer-partners(1)	1,236	1,202	1,170	602	905	726	1,046
Loans per active dealer-partner	38.6	39.6	53.6	19.9	17.3	38.7	33.3
Average loan size	$ 8.1	$ 8.1	$ 10.5	$ 11.5	$ 10.6	$ 11.1	$ 9.8

(1) Active dealer-partners are dealer-partners who submitted at least one loan during the period.

The reduction in loan origination volume for the three and six months ended June 30, 2002 is a result of an increased focus on improving the return on capital. The Company's financial goal is to maximize the amount of economic profit generated per share. The Company believes that in the short-term, this objective can best be achieved by first improving the return per dollar of capital invested. Once return on capital goals have been met, the Company will then focus on increasing the amount of capital invested by increasing the number of dealer-partners and the number of loans originated per dealer-partner. The Company's efforts to improve the return on capital have focused on increasing the spread between the advance rate (the amount advanced to dealer-partners as a percent of the total loan amount) and the forecasted collection rate (the amount the Company expects to collect on the loan).

United Kingdom

The following table presents certain income statement data for the Company's United Kingdom operations as a percent of average capital invested, for the periods indicated.

(Dollars in thousands, except per share data)	THREE MONTHS ENDED JUNE 30, 2002			THREE MONTHS ENDED JUNE 30, 2001		
	REPORTED	ADJUSTED	% OF CAPITAL	REPORTED	ADJUSTED	% OF CAPITAL
REVENUE:						
Finance charges	$ 4,646	$ 4,646	21.5%	$5,355	$ 5,355	22.7%
Other income	479	479	2.2	499	499	2.1
Total revenue	5,125	5,125	23.7	5,854	5,854	24.8
COSTS AND EXPENSES:						
Operating expenses(1)	1,834	1,834	8.5	2,446	1,797	7.6
Provision for credit losses	1,160	1,160	5.4	724	724	3.1
Interest	235	235	1.1	561	561	2.4
Total costs and expenses	3,229	3,229	15.0	3,731	3,082	13.1
Operating income	1,896	1,896	8.7	2,123	2,772	11.7
Foreign exchange gain	3	3	--	--	--	--
Income before provision for income taxes	1,899	1,899	8.7	2,123	2,772	11.7
Provision for income taxes(2)	528	528	2.5	638	865	3.7
Net income	$ 1,371	$ 1,371	6.2%	$1,485	$ 1,907	8.0%
Return on capital ("ROC")*		7.1%			9.7%	
Weighted average cost of capital ("WACC")*		11.2%			10.2%	
Spread		(4.1%)			(0.5%)	
Average capital(3)		$ 86,338			$ 94,558	
Economic loss*		$ (882)			$ (114)	
Adjusted weighted average shares outstanding*		47,207,810			46,865,471	
Economic loss per share*		$ (0.02)			$ --	

(Dollars in thousands, except per share data)	SIX MONTHS ENDED JUNE 30, 2002			SIX MONTHS ENDED JUNE 30, 2001		
	REPORTED	ADJUSTED	% OF CAPITAL	REPORTED	ADJUSTED	% OF CAPITAL
REVENUE:						
Finance charges	$ 9,509	$ 9,509	21.4%	$10,684	$ 10,684	22.7%
Other income	936	936	2.1	1,277	1,277	2.7
Total revenue	10,445	10,445	23.5	11,961	11,961	25.4
COSTS AND EXPENSES:						
Operating expenses(1)	3,771	3,771	8.5	4,123	3,474	7.4
Provision for credit losses	2,506	2,506	5.6	2,103	2,103	4.5
Interest	558	558	1.3	1,127	1,127	2.4
Total costs and expenses	6,835	6,835	15.4	7,353	6,704	14.3
Operating income	3,610	3,610	8.1	4,608	5,257	11.1
Foreign exchange gain	3	3	--	--	--	--
Income before provision for income taxes	3,613	3,613	8.1	4,608	5,257	11.1
Provision for income taxes(2)	991	991	2.2	1,381	1,608	3.4
Net income	$ 2,622	$ 2,622	5.9%	$ 3,227	$ 3,649	7.7%
Return on capital ("ROC")*		6.7%			9.4%	
Weighted average cost of capital ("WACC")*		10.5%			10.3%	
Spread		(3.8%)			(0.9%)	
Average capital(3)		$ 88,832			$ 94,172	
Economic loss*		$ (1,653)			$ (405)	
Adjusted weighted average shares outstanding*		47,159,165			47,075,250	
Economic loss per share*		$ (0.04)			$ (0.01)	

* For further explanation see corresponding footnotes in the Consolidated section.

(1) For the three and six months ended June 30, 2001, the adjusted column reflects the reversal of a charge of ($649,000) for executive severance.
(2) The adjustment described in footnote (1) resulted in a net impact on the provision for income taxes of $227,000 for the three and six months ended June 30, 2001, respectively.
(3) Average capital is equal to the average amount of debt and equity during the period. For purposes of computing economic profit, the Company has added to shareholders' equity as reported under GAAP

$881,000 and $807,000 in the three and six months ended

June 30, 2002, respectively. Amounts added to shareholders' equity represent the average amount of capital employed to repurchase shares consistent with the Company's practices regarding stock options.

Finance charges. Finance charges, as a percent of average capital, decreased to 21.5% and 21.4% for the three and six months ended June 30, 2002 from 22.7% for the same periods in 2001. This decrease was primarily due to an increase in the percent of non-accrual loans to 27.1% for the three and six months ended June 30, 2002 from 19.6% for the same periods in 2001 due to a reduction in automobile loan originations in 2002.

Other income. Other income, as a percent of average capital, increased to 2.2% for the three months ended June 30, 2002 from 2.1% for the same period in 2001. Other income, as a percent of average capital, decreased to 2.1% for the six months ended June 30, 2002 from 2.7% for the same period in 2001. The increase and decrease, as a percent of average capital, for the three and six months ended June 30, 2002 and 2001, respectively, were due primarily to fluctuations in income under an ancillary products profit sharing agreement with an insurance provider.

Operating Expenses. Operating expenses, as a percent of average capital, increased to 8.5% for the three and six months ended June 30, 2002 from 7.6% and 7.4% for the same periods in 2001. The increase was primarily due to: (i) an increase in costs related to new employee benefits offered; and (ii) an increase in salaries and wages, as a percent of average capital, due to capital in the United Kingdom declining at a faster rate than salaries and wages. The increases for the three and six months ended June 30, 2002 and 2001 were partially offset by a decrease in sales and marketing expenses due to a decrease in the size of the operation's sales force.

Provision for credit losses. Provision for credit losses, as a percent of average capital, increased to 5.4% and 5.6% for the three and six months ended June 30, 2002 from 3.1% and 4.5% for the same periods in 2001. The provision for credit losses consists of two components: (i) a provision for losses on advances to dealer-partners that are not expected to be recovered through collections on the related automobile loan portfolio; and (ii) a provision for earned but unpaid revenue on automobile loans which were transferred to non-accrual status during the period. The increase in the provision was primarily due to an increase in the provision for losses on advances to dealer-partners. The increase in advance provisions was due to the deterioration in credit quality of loans originated in 2001. As a result of this deterioration, the Company stopped originating automobile loans in Ireland and decreased the amount advanced to dealer-partners in the United Kingdom.

Provision for income taxes. The provision for income taxes, as a percent of average capital, decreased to 2.5% and 2.2% for the three and six months ended June 30, 2002 from 3.7% and 3.4% for the same periods in 2001 as a result of: (i) a decrease in pre-tax profitability for the three and six months ended June 30, 2002 compared to the same periods in 2001; and (ii) a decrease in the effective tax rate for the three and six months ended June 30, 2002 compared to the same periods in 2001 due to a restructuring of legal entities within this business segment.

Return on capital. The return on capital decreased to 7.1% and 6.7% for the three and six months ended June 30, 2002 from 9.7% and 9.4% for the same periods in 2001. These decreases were primarily due to: (i) an increase in the provision for credit losses; (ii) a reduction in finance charge revenue; and (iii) an increase in operating expenses, as a percent of average capital, as described above.

Average capital. Average capital decreased to $86.3 million and $88.8 million for the three and six months ended June 30, 2002 from $94.6 million and $94.2 million for the same periods in 2001, representing decreases of 8.8% and 5.7%, respectively. The decrease in average capital is a result of decreased loan origination volumes. The following is a summary of loan origination volumes and dealer partner information over the past three years and for the interim periods of 2002 and 2001:

(Dollars in thousands)				THREE MONTHS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	1999	2000	2001	2002	2001	2002	2001
Originations	$121,999	$142,228	$122,817	$9,365	$33,949	$26,903	$69,306
Number of loans originated	9,432	10,664	9,121	651	2,559	1,955	5,263
Dealer-partners:							
Number of active dealer-partners(1)	196	205	215	45	148	151	296
Loans per active dealer-partner	48.1	52.0	42.4	14.5	17.3	12.9	17.8
Average loan size	$ 12.9	$ 13.3	$ 13.5	$ 14.4	$ 13.3	$ 13.8	$ 13.2

(1) Active dealer-partners are dealer-partners who submitted at least one loan during the period.

The reduction in loan origination volume for the three and six months ended June 30, 2002 is a result of the Company's increased focus on improving return on capital. To improve the United Kingdom's return on capital the Company has increased the spread between the advance rate and the forecasted collection rate. In order for these changes to result in improved returns on capital, increased unit volume will be required in order to absorb fixed operating expenses.

Automobile Leasing

The following table presents certain income statement data for the Company's Automobile Leasing operations as a percent of average capital invested, for the periods indicated.

(Dollars in thousands, except per share data)	THREE MONTHS ENDED JUNE 30, 2002		THREE MONTHS ENDED JUNE 30, 2001	
	REPORTED	% OF CAPITAL	REPORTED	% OF CAPITAL
REVENUE:				
Lease revenue	$ 4,428	62.6%	$ 5,573	60.4%
Other income	353	5.0	296	3.2
Total revenue	4,781	67.6	5,869	63.6
COSTS AND EXPENSES:				
Operating expenses	820	11.6	1,145	12.4
Provision for credit losses	1,330	18.8	1,574	17.1
Depreciation of leased assets	2,566	36.3	3,169	34.3
Interest	584	8.3	1,004	10.9
Total costs and expenses	5,300	75.0	6,892	74.7
Operating loss	(519)	(7.3)	(1,023)	(11.1)
Credit for income taxes	(214)	(3.0)	(373)	(4.0)
Net loss	$ (305)	(4.3)%	$ (650)	(7.1)%
Return on capital ("ROC")*	1.1%		0.0%	
Weighted average cost of capital ("WACC")*	10.0%		10.4%	
Spread	(8.9%)		(10.4%)	
Average capital*	$ 28,278		$ 36,921	
Economic loss*	$ (629)		$ (961)	
Adjusted weighted average shares outstanding*	47,207,810		46,865,471	
Economic loss per share*	$ (0.01)		$ (0.02)	

(Dollars in thousands, except per share data)	SIX MONTHS ENDED JUNE 30, 2002		SIX MONTHS ENDED JUNE 30, 2001	
	REPORTED	% OF CAPITAL	REPORTED	% OF CAPITAL
REVENUE:				
Lease revenue	$ 9,587	60.4%	$ 10,640	58.0%
Other income	684	4.3	604	3.2
Total revenue	10,271	64.7	11,244	61.2
COSTS AND EXPENSES:				
Operating expenses	2,080	13.1	2,465	13.4
Provision for credit losses	2,849	18.0	2,809	15.3
Depreciation of leased assets	5,507	34.7	6,098	33.3
Interest	1,200	7.5	2,027	11.0
Total costs and expenses	11,636	73.3	13,399	73.0
Operating loss	(1,365)	(8.6)	(2,155)	(11.8)
Credit for income taxes	(509)	(3.2)	(765)	(4.2)
Net loss	$ (856)	(5.4)%	$ (1,390)	(7.6)%
Return on capital ("ROC")*	(0.5%)		(0.4%)	
Weighted average cost of capital ("WACC")*	9.7%		10.5%	
Spread	(10.2%)		(10.9%)	
Average capital*	$ 31,722		$ 36,683	
Economic loss*	$ (1,617)		$ (2,002)	
Adjusted weighted average shares outstanding*	47,159,165		47,075,250	
Economic loss per share*	$ (0.03)		$ (0.04)	

* For further explanation see corresponding footnotes in the Consolidated section.

Lease revenue. Lease revenue, as a percent of average capital, increased to 62.6% and 60.4% for the three and six months ended June 30, 2002 from 60.4% and 58.0% for the same periods in 2001. The increases were primarily due to an increase in the age of the lease portfolio due to the Company's decision to stop originating automobile leases in January 2002. The liquidation of the leasing portfolio has reduced the average capital employed in the leasing operation for the three and six months ended June 30, 2002. Accounting for operating leases requires straight-line revenue recognition. Straight-line revenue recognition when combined with a declining capital base results in an increase in lease revenue as a percentage of average capital.

Other income. Other income, as a percent of average capital, increased to 5.0% and 4.3% for the three and six months ended June 30, 2002 from 3.2% for the same periods in 2001. These increases were primarily the result of an increase in gains recognized on leases terminated before their maturity date.

Operating expenses. Operating expenses, as a percent of average capital, decreased to 11.6% and 13.1% for the three and six months ended June 30, 2002 from 12.4% and 13.4% for the same periods in 2001. These decreases were primarily a result of a decrease in sales and marketing expenses due to discontinuing automobile lease originations in January 2002. For the six months ended June 30, 2002, the decrease was partially offset by an increase in the provision for uncollectible receivables from dealer-partners for ancillary product charge backs on repossessed leased vehicles.

Provision for credit losses. Provision for credit losses, as a percent of average capital, increased to 18.8% and 18.0% for the three and six months ended June 30, 2002 from 17.1% and 15.3% for the same periods in 2001. These increases in the provision were primarily due to increased frequency of lease repossessions and an increase in the estimated average loss per repossessed vehicle.

Depreciation of leased assets. Depreciation of leased assets, including the amortization of indirect lease costs, is recorded on a straight-line basis to the residual value of leased vehicles over their scheduled lease terms. Depreciation expense, as a percent of average capital, increased to 36.3% and 34.7% for the three and six months ended June 30, 2002 from 34.3% and 33.3% for the same periods in 2001. These increases were primarily to an increase in the age of the lease portfolio and the resulting impact of recording depreciation on a straight-line basis over the lease term when combined with a decline in capital.

Credit for income taxes. The credit for income taxes, as a percent of average capital, decreased to (3.0%) and (3.2%) for the three and six months ended June 30, 2002 from (4.0%) and (4.2%) for the same periods in 2001 as a result of a reduction in the pre-tax loss for the three and six months ended June 30, 2002 compared to the same periods in 2001.

Return on capital. The return on capital increased to 1.1% for the three months ended June 30, 2002 from (0.0%) for the same period in 2001. This increase was primarily due to an increase in revenue, as a percent of average capital, partially offset by increases in the provision for credit losses and depreciation of leased assets, as a percent of average capital, as described above. The return on capital decreased to (0.5%) for the six months ended June 30, 2002 from (0.4%) for the same period in 2001. This decrease was primarily due to increases in the provision for credit losses and depreciation of leased assets, as a percent of average capital, partially offset by an increase in revenue, as a percent of average capital, as described above.

Average capital. Average capital decreased to $28.3 million and $31.7 million for the three and six months ended June 30, 2002 from $36.9 million and $36.7 million for the same periods in 2001. This decrease is the result of the Company's decision to stop originating automobile leases in January 2002.

STOCK OPTIONS

In 1999, the Company began granting performance-based stock options to employees. Performance-based options are options that vest solely based on the achievement of performance targets, in the Company's case targets based on either earnings per share or economic profit. GAAP requires companies to expense performance-based options when it is likely that performance targets will be met and a measurement date can be established. The amount of the reported expense is the price of the Company's stock at the end of each reporting period less the exercise price of the options. The Company's non-performance options are not required to be expensed under GAAP.

Regardless of the accounting, options represent a significant cost to shareholders. The true cost is the business value transferred to the employee in stock, less the exercise proceeds, a number that is difficult to calculate since it depends on when options are exercised and the future performance of the business. GAAP provides several alternatives for accounting for this cost. In the Company's opinion, none of these alternatives provide a method that accurately captures the true cost of options in all circumstances.

Because the Company believes that accurately understanding and managing the cost of options is essential, over the last three years, the Company has developed the following practices regarding stock options:

- When options are issued, the Company's general practice is to repurchase the same number of shares. Future options will have a strike price no less than the average price of the repurchased shares. For shareholders, the only impact of options therefore is the capital used to repurchase shares is no longer available to invest in income producing assets. This cost, the opportunity cost of the capital used to repurchase shares until the capital is returned upon option exercise, already reduces the Company's reported earnings.

- Option grants are predominantly performance-based, with appropriately aggressive vesting targets. The Company believes that these options properly align the interests of management and shareholders by rewarding management only for exceptional business performance.

- The calculation of economic profit (loss) includes three adjustments to the Company's results reported under GAAP to reflect the cost of options. First, to avoid double counting, the GAAP expense recorded for performance options is added back. Second, all options outstanding are included in the Company's fully diluted share base. Finally, economic profit (loss) includes a charge for the capital used to repurchase shares covering options grants. The Company's method of measuring options in the calculation of economic profit (loss) is conservative in two respects. First, the tax benefits of options have not been included in the Company's calculation. Because option expense is deducted for tax purposes upon exercise, more capital will be returned to the Company upon exercise than is invested in repurchased shares. Second, options may be cancelled due to turnover or the failure to meet performance targets. Cancellations will be factored in as they occur. One additional risk is assumed. Should options be issued and shares repurchased above intrinsic value, and the options subsequently expire unexercised, a loss equal to the amount paid above intrinsic value would be incurred.

The Company views options as a significant but necessary cost. In the Company's opinion, this cost is now accurately measured and charged to economic profit per share, the number on which the Company's management incentive compensation system is based. The Company believes the ability to measure the cost of options, combined with an incentive compensation system that includes this cost, enhances the probability that the Company's option program will produce favorable results for shareholders.

CRITICAL ACCOUNTING POLICIES

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, the Company evaluates its estimates, including those related to the reserve for advance losses, the allowance for credit losses, and the allowance for lease vehicle losses. Item 7 of the Company's Annual Report on Form 10-K discusses several critical accounting policies, which the Company believes involve a high degree of judgment and complexity. There have been no material changes to that information during the six months ended June 30, 2002.

LIQUIDITY AND CAPITAL RESOURCES

The Company's primary sources of capital are cash flows from operating activities, principal collected on automobile loans receivable, borrowings under the Company's credit agreements and secured financings. The Company's principal need for capital has been to fund cash advances made to dealer-partners in connection with the acceptance of automobile loans, to pay dealer holdbacks to dealer-partners who have repaid their advance balances and to fund the origination of used vehicle leases.

When borrowing to fund the operations of its foreign subsidiaries, the Company's policy is to borrow funds denominated in the currency of the country in which the subsidiary operates, thus mitigating the Company's exposure to foreign exchange fluctuations.

The Company's cash flow requirements are dependent on future levels of automobile loan originations. In the three and six months ended June 30, 2002, the Company experienced a decrease in originations over the same periods in 2001. This decrease is the result of the Company's increased focus on improving the return on capital. Once return on capital goals have been met, the Company will focus on increasing the amount of capital invested through increasing the number of dealer-partners and the number of loans originated per dealer-partner.

The Company currently finances its operations through: (i) a bank line of credit facility; (ii) secured financings; and (iii) a mortgage note.

Line of Credit Facility - At June 30, 2002, the Company had a $135.0 million credit agreement with a commercial bank syndicate. The facility, which was renewed on June 10, 2002, has a commitment period through June 9, 2003, with a one-year term out option at the request of the Company provided that no event of default then exists. The agreement provides that, at the Company's discretion, interest is payable at either the eurodollar rate plus 140 basis points, or at the prime rate (4.75% as of June 30, 2002). The eurodollar borrowings may be fixed for periods of up to six months. Borrowings under the credit agreement are subject to a borrowing base limitation equal to 65% of advances to dealer-partners and leased vehicles (as reflected in the consolidated financial statements and related notes), less a hedging reserve (not exceeding $1,000,000), the amount of letters of credit issued under the line of credit, and the amount of other debt secured by the collateral which secures the line of credit. Currently, the borrowing base limitation does not inhibit the Company's borrowing ability under the line of credit. The credit agreement has certain restrictive covenants, including a minimum required ratio of the Company's assets to debt, its liabilities to tangible net worth, and its earnings before interest, taxes and non-cash expenses to fixed charges. Additionally, the agreement requires that the Company maintain a specified minimum level of net worth. Borrowings under the credit agreement are secured by a lien on most of the Company's assets. The Company must pay an annual agent's fee and a quarterly commitment fee of 0.60% on the amount of the commitment. As of June 30, 2002, there was approximately $91.3 million outstanding under this facility. Since this credit facility expires on June 9, 2003, the Company will be required to renew the facility or refinance any amounts outstanding under this facility on or before such date. The Company believes that the $135.0 million credit facility will be renewed with similar terms and a similar commitment amount. The Company also maintains a small line of credit agreement in Canada to fund daily cash requirements within this operation.

Secured Financing - The Company's wholly-owned subsidiary, CAC Funding Corp. ("Funding"), has completed seven secured financing transactions with an institutional investor through June 30, 2002, two of which remain outstanding. The remaining secured financings include the July 23, 2001 and November 5, 2001 transactions, in which Funding received $61.0 million and $62.0 million in financing, respectively. In connection with these transactions, the Company contributed dealer-partner advances having a carrying amount of approximately $83.0 million and $96.0 million for the July 2001 and November 2001 secured financings, respectively, to Funding, which, in turn, pledged them as collateral to an institutional investor to secure loans that funded the purchase price of the dealer-partner advances. The proceeds of the secured financings were used by the Company to reduce outstanding borrowings under the Company's credit facility. The secured financings create loans for which Funding is liable and are non-recourse to the Company, even though Funding and the Company are consolidated for financial reporting purposes. Such loans bear interest at a floating rate equal to the commercial paper rate plus 50 basis points with a maximum of 7.5% and 6.5% for the July 23, 2001 and November 5, 2001 secured financings, respectively. As Funding is organized as a separate legal entity from the Company, assets of Funding (including the contributed dealer-partner advances) will not be available to satisfy the general obligations of the Company. Substantially all the assets of Funding have been encumbered to secure Funding's obligations to its creditors. In the six months following the July 2001 and the four months following the November 2001 financings, the Company and Funding received additional proceeds by having the Company contribute additional dealer-partner advances to Funding, which could then be used by Funding as collateral to support additional borrowings. To the extent permitted by its creditors, Funding would be able to use the proceeds of borrowings to pay the purchase price of dealer-partner advances or to make advances or distributions to the Company. Such financings are secured by Funding's dealer-partner advances, Funding's rights to collections on the related automobile loans receivable and certain related assets up to the sum of Funding's dealer-partner advances and the Company's servicing fee. The Company receives a monthly servicing fee paid by the institutional investor equal to 6% of the collections on Funding's automobile loans receivable for the July 2001 and November 2001 secured financings. Except for the servicing fee and payments due to dealer-partners, the Company does not receive, or have any rights in, any portion of collections on the automobile loans receivable until Funding's underlying indebtedness is paid in full either through collections on the related automobile loans or through a prepayment of the indebtedness.

In the first quarter 2002, the Company was informed that the institutional investor, which provided the Company's secured financings, would no longer provide the Company with future secured financings. The Company is considering several alternatives for replacing the financing provided by this institutional investor. However, approval for replacement financing has not been obtained by the Company. Failure to replace this financing could materially adversely impact future operations.

A summary of the secured financing transactions is as follows (dollars in thousands):

Issue Number	Close Date	Original Balance	Secured Financing Balance at June 30, 2002	Secured Dealer Advance Balance at June 30, 2002	Balance as Percent of Original Balance
1998-A	July 1998	$ 50,000	Paid in full	Paid in full	0.0%
1999-A	July 1999	50,000	Paid in full	Paid in full	0.0
1999-B	December 1999	50,000	Paid in full	Paid in full	0.0
2000-A	August 2000	65,000	Paid in full	Paid in full	0.0
2001-A	March 2001	97,100	Paid in full	Paid in full	0.0
2001-B	July 2001	60,845	$27,128*	$ 71,073	44.6
2001-C	November 2001	61,795	37,973**	76,636	61.4
		$434,740	$65,101	$147,709	

* Bears an interest rate of 2.5% and is anticipated to fully amortize within 7 months as of June 30, 2002

** Bears an interest rate of 2.5% and is anticipated to fully amortize within 9 months as of June 30, 2002

Mortgage Loan - The Company has a mortgage loan from a commercial bank that is secured by a first mortgage lien on the Company's headquarters building and an assignment of all leases, rents, revenues and profits under all present and future leases of the building. The loan matures on May 1, 2004 and requires monthly payments of $99,582, bearing interest at a fixed rate of 7.07%. The Company believes that the mortgage loan repayments can be made from cash resources available to the Company at the time such repayments are due.

A summary of the total future contractual obligations requiring repayments is as follows (in thousands):

	PERIOD OF REPAYMENT			
CONTRACTUAL OBLIGATIONS	< 1 YEAR	1-3 YEARS	> 3 YEARS	TOTAL
Secured financings	$ 65,101	$ -	$ -	$ 65,101
Line of Credit	91,272	-	-	91,272
Mortgage Note	749	5,813	-	6,562
Capital lease obligations	229	327	-	556
Non-cancelable operating lease obligations	626	876	475	1,977
Total contractual cash obligations	$157,977	$7,016	$475	$165,468

Repurchase and Retirement of Common Stock - In 1999, the Company began acquiring shares of its common stock in connection with a stock repurchase program announced in August 1999. That program authorized the Company to purchase up to 1,000,000 common shares on the open market or pursuant to negotiated transactions at price levels the Company deems attractive. On each of February 7, 2000, June 7, 2000, July 13, 2000, November 10, 2000, and May 20, 2002 the Company's Board of Directors authorized increases in the Company's stock repurchase program of an additional 1,000,000 shares. As of June 30, 2002, the Company has repurchased approximately 4.9 million shares of the 6.0 million shares authorized to be repurchased under this program at a cost of $29,948,000. The six million shares, which can be repurchased through the open market or in privately negotiated transactions, represent approximately 13.0% of the shares outstanding at the beginning of the program.

Based upon anticipated cash flows, management believes that cash flows from operations, various financing alternatives available to the Company, and amounts available under its credit agreement will provide sufficient financing for debt maturities and for future operations. The Company's ability to borrow funds may be impacted by many economic and financial market conditions. If the various financing alternatives were to become limited or unavailable to the Company, the Company's operations could be materially and adversely affected.

FORWARD-LOOKING STATEMENTS

The foregoing discussion and analysis contains a number of forward-looking statements within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, both as amended, with respect to expectations for future periods. These forward-looking statements represent the Company's outlook only as of the date of this report. While the Company believes that its forward-looking statements are reasonable, actual results could differ materially since the statements are based on the Company's current expectations, which are subject to risks and uncertainties. These risks and uncertainties are detailed from time to time in reports filed by the Company with the Securities and Exchange Commission, including forms 8-K, 10-Q and 10-K, and include, among others, increased competition from traditional financing sources and from non-traditional lenders, the unavailability of funding at competitive rates of interest or the Company's potential inability to continue to obtain third party financing on favorable terms, the Company's potential inability to generate sufficient cash flow to service its debt and fund its future operations, adverse changes in applicable laws and regulations, adverse changes in economic conditions, adverse changes in the automobile or finance industries or in the non-prime consumer finance market, the Company's potential inability to maintain or increase the volume of automobile loans, the Company's potential inability to accurately forecast and estimate future collections and collection rates and the associated default risk, the Company's potential inability to accurately estimate the residual values of leased vehicles, an increase in the amount or severity of litigation against the Company, the loss of key management personnel, and the effect of terrorist attacks and potential attacks.

Other factors not currently anticipated by management may also materially and adversely affect the Company's results of operations. The Company does not undertake, and expressly disclaim any obligation, to update or alter its forward-looking statements whether as a result of new information, future events or otherwise, except as required by applicable law.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

Refer to the Company's Annual Report on Form 10-K for the year ended December 31, 2001 for a complete discussion of the Company's market risk.

Subsequent to June 30, 2002, the Company sold two of its interest rate cap agreements. The Company recognized a gain on the sale of the interest rate caps. In addition, the Company restructured two interest rate caps by accelerating the maturity of the caps related to the July 2001 and November 2001 secured financings to July 2002 and December 2003 from November 2006 and December 2006, respectively. The restructuring resulted in a gain. The maximum rate under the caps remained unchanged at 7.5% and 6.5% for the July 2001 and November 2001 secured financings, respectively. The sale and restructuring of the interest rate caps did not have a material effect on the Company's financial condition or results of operations. Based on the difference between the Company's rates on its secured financings at June 30, 2002 and the interest rate caps, the Company's maximum interest rate risk on the July 2001 and November 2001 secured financings is 5.0% and 4.0%, respectively.

PART II. - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In the normal course of business and as a result of the consumer-oriented nature of the industry in which the Company operates, industry participants are frequently subject to various consumer claims and litigation seeking damages and statutory penalties. The claims allege, among other theories of liability, violations of state, federal and foreign truth in lending, credit availability, credit reporting, consumer protection, warranty, debt collection, insurance and other consumer-oriented laws and regulations. The Company, as the assignee of automobile loans originated by dealer-partners, may also be named as a co-defendant in lawsuits filed by consumers principally against dealer-partners. Many of these cases are filed as purported class actions and seek damages in large dollar amounts.

The Company believes that the structure of its dealer-partner programs and ancillary products, including the terms and conditions of its servicing agreement, may mitigate its risk of loss in any such litigation and that it has taken prudent steps to address the litigation risks associated with its business activities. However, there can be no assurance that future litigation will not have a material adverse impact on the Company's financial condition or results of operations.

The Company is currently a defendant in a class action proceeding commenced on October 15, 1996 in the United States District Court for the Western District of Missouri seeking money damages for alleged violations of a number of state and federal consumer protection laws (the "Missouri Litigation"). On October 9, 1997, the District Court certified two classes on the claims brought against the Company, one relating to alleged overcharges of official fees, the other relating to alleged overcharges of post-maturity interest. On August 4, 1998, the District Court granted partial summary judgment on liability in favor of the plaintiffs on the interest overcharge claims based upon the District Court's finding of certain violations but denied summary judgment on certain other claims. The District Court also entered a number of permanent injunctions, which among other things, restrained the Company from collecting on certain class accounts. The Court also ruled in favor of the Company on certain claims raised by class plaintiffs. Because the entry of an injunction is immediately appealable as of right, the Company appealed the summary judgment order to the United States Court of Appeals for the Eighth Circuit. Oral argument on the appeals was heard on April 19, 1999. On September 1, 1999, the United States Court of Appeals for the Eighth Circuit overturned the August 4, 1998 partial summary judgment order and injunctions against the Company. The Court of Appeals held that the District Court lacked jurisdiction over the interest overcharge claims and directed the District Court to sever those claims and remand them to state court. On February 18, 2000, the District Court entered an order remanding the post-maturity interest class to Missouri state court while retaining jurisdiction on the official fee class. The Company then filed a motion requesting that the District Court reconsider that portion of its order of August 4, 1998, in which the District Court had denied the Company's motion to dismiss the federal official fee overcharge claims. On May 26, 2000, the District Court entered an order dismissing the federal official fee claims against the Company and directed the Clerk of the Court to remand the remaining state law official fee claims to the appropriate state court. On September 18, 2001, the Circuit Court of Jackson County, Missouri mailed an order assigning this matter to a judge. A status conference with the new state court judge was held on July 18, 2002 at which the Court set a timetable for the parties to file additional pleadings on the case. The Company will continue its vigorous defense of all remaining claims. However, an adverse ultimate disposition of this litigation could have a material negative impact on the Company's financial position, liquidity and results of operations.

The Company is currently a defendant in a private attorney general action in the Superior court of the State of California, County if Alameda, brought on behalf of the general public, pursuant to California's Unfair Competition Law, Business and Professions Code Section 17200, et seq. On January 24, 2001, plaintiffs filed this action alleging that he Company's notices of repossession served within four years proceeding the filing of the complaint did not comply with the statutory requirements of California's Rees-Levering Automobile Finance Act, Civil Code Section 2981, et seq. Plaintiff, who is not a debtor on any automobile loan assigned to the Company, contends that the alleged violations of the Rees-Levering Act and the Company's efforts to collect the balance due after sale of the repossessed vehicles constitute unfair and fraudulent business practices for which the plaintiff seeks relief under Business and Professions Code Section 17203. The plaintiff seeks restitution on behalf of debtors on automobile loans assigned to the Company for the amounts that the Company has collected on deficiency balances remaining after the disposition of repossessed vehicles, interest and profit thereon, correction of account balances and credit reporting, interest and attorney's fees. The Company has answered the complaint generally denying all of its allegations and asserting a number of affirmative defenses. On May 20, 2002, the court found that the Company's notices did not comply with the Rees-Levering Act, awarded restitution of all post sale collections made on accounts that were sent notices between January 23, 1997 and July 5, 1999 in an amount to be determined in further proceedings, and enjoined collection of any deficiency on such accounts. A final order has not been entered as yet and the Company is considering future action, including the possibility of an appeal or settlement. The Company will continue its vigorous defense of all claims. The Company does not expect this matter to have a material adverse impact on the Company's' financial condition or results of operations.

The Company has reached an agreement with the Internal Revenue Service as the result of an examination of its tax years ended December 31, 1993, 1994 and 1995. This agreement requires changes in some tax accounting methods with respect to the timing of income recognition. The Company has filed amended returns for the tax years ended December 31, 1996, 1997, 1998 and 1999 utilizing or employing the new methods. Pursuant to the agreement and the filed amended returns, the Company has recorded an additional current tax liability and a reduction to its deferred tax liability of $3.5 million. The agreement also requires the Company to recognize interest income and interest expense for the years in question. No interest amounts have been recorded, as the amounts and timing of such items cannot be determined at this time. The Company believes that the amount of interest owed to the Company will exceed the amount of interest owed by the Company and that payment of these amounts will occur prior to December 31, 2002. These amounts will be recognized as current period income and expense, which in the aggregate may have a material positive impact on the Company's results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

The Company held its Annual Meeting of Shareholders on May 9, 2002 at which the shareholders considered the following:

1. The election of six directors. The following table sets forth the number of votes for and withheld with respect to each nominee.

Nominee	Votes For	Votes Withheld
Brett A. Roberts	37,715,495	117,922
Donald A. Foss	37,715,495	117,922
Harry E. Craig	37,801,385	32,032
Sam M. LaFata	37,801,385	32,032
Daniel P. Leff	37,713,917	119,500
Thomas N. Tryforos	37,802,185	31,232

2. To approve a proposal to adopt the Director Stock Option Plan.

Votes For	Votes Against	Abstain
36,032,996	1,786,640	13,781

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

See Index of Exhibits following the signature page.

(b) Reports on Form 8-K

The Company was not required to file a current report on Form 8-K during the quarter ended June 30, 2002 and none were filed during that period.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CREDIT ACCEPTANCE CORPORATION
(Registrant)

By: /s/ Douglas W. Busk

Douglas W. Busk
Chief Financial Officer and Treasurer
August 14, 2002

(Principal Financial, Accounting
Officer and Duly Authorized Officer)

INDEX OF EXHIBITS

Exhibit No.	Description
4(f)(39)	Amendment No. 2 dated June 11, 2002 to Amended and Restated Credit Agreement dated June 11, 2001 among the Company, Comerica Bank, LaSalle Bank National, Harris Trust and Savings Bank, Fifth Third Bank, Bank of America, N.A., and National City Bank
4(f)(40)	Second Amendment dated as of June 10, 2002 to the Intercreditor Agreement dated as of December 15, 1998 among Comerica Bank, as Collateral Agent, and various lenders and note holders
4(f)(41)	Second Amendment, dated June 10, 2002 to Second Amended and Restated Security Agreement, dated June 11, 2001 between Comerica Bank, as Collateral Agent and the Company
99(a)	Certification of Chief Executive Officer, Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99(b)	Certification of Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

SECOND AMENDMENT
TO
AMENDED AND RESTATED CREDIT AGREEMENT

This SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT ("Second Amendment") is made as of this 10th day of June, 2002 by and among Credit Acceptance Corporation, a Michigan corporation ("Company"), the Permitted Borrowers signatory hereto (each, a "Permitted Borrower" and collectively, the "Permitted Borrowers"), Comerica Bank and the other banks signatory hereto (individually, a "Bank" and collectively, the "Banks") and Comerica Bank, as agent for the Banks (in such capacity, "Agent").

RECITALS

A. Company, Permitted Borrowers, Agent and the Banks entered into that certain Amended and Restated Credit Acceptance Corporation Credit Agreement dated as of June 11, 2001 (as amended by First Amendment dated as of March 8, 2002, the "Credit Agreement") under which the Banks renewed and extended (or committed to extend) credit to the Company and the Permitted Borrowers, as set forth therein.

B. The Company and the Permitted Borrowers have requested that Agent and the Banks agree to certain amendments to the Credit Agreement and Agent and the Banks are willing to do so, but only on the terms and conditions set forth in this First Amendment.

NOW, THEREFORE, Company, Permitted Borrowers, Agent and the Banks agree:

1. Section 1 of the Credit Agreement is hereby amended by amending and restating, or adding (as applicable), the following definitions:

   "CAC South Dakota" shall mean Credit Acceptance Corporation of South Dakota, Inc., a South Dakota corporation.

   "Domestic Subsidiary" shall mean those Subsidiaries of the Company incorporated under the laws of the United States of America, or any state thereof, other than the US LLC, so long as it is a Subsidiary of a Foreign Subsidiary. [CHANGES FROM EXISTING DEFINITION SHOWN IN ITALICS]

   "Funding Conditions" shall mean those conditions required to be satisfied prior to or concurrently with the funding of any Future Debt, as follows:

   (a) Within a period of one hundred eighty (180) days prior to the date any such Debt is incurred, Company shall have provided to the Agent and the Banks a Consolidated plan and financial projections meeting the requirements therefor as set forth in Section 7.3(i) of this Agreement and demonstrating that the Company would be in compliance with the financial covenants set forth in Sections 7.4 through 7.7 hereof and the Borrowing Base Limitation, if applicable, were such Debt outstanding during the applicable reporting periods;

(b) Both immediately before and immediately after such additional Debt is incurred, no Default or Event of Default (whether or not related to such additional Debt, and taking into account the incurring of such additional Debt) has occurred and is continuing;

(c) If such additional Debt shall be issued pursuant to loan documents containing covenants which are more restrictive than the covenants contained in this Agreement, Company shall, upon the written request of the Majority Banks, enter into amendments to this Agreement to extend the benefit of such covenants to the Banks;

(d) Concurrently with the incurring of such additional Debt, the proceeds of such Debt, net of third party expenses incurred by the Company in connection with the issuance of such Debt, shall be applied to reduce (i) the principal balance outstanding under other Future Debt then outstanding or (ii) the principal balance outstanding under the Revolving Credit (to the extent then outstanding, and including the aggregate amount of drawings made under any Letter of Credit for which the Agent has not received full payment), subject to the right to reborrow in accordance with this Agreement; provided, however, that to the extent that on the date any reduction of the principal balance outstanding under the Revolving Credit shall be required under this clause (d), the Indebtedness under the Revolving Credit is being carried, in whole or in part, at the Eurocurrency-based Rate and no Default or Event of Default has occurred and is continuing, the Company may, after prepaying that portion of the Indebtedness then carried at the Prime-based Rate, deposit the amount of such required principal reductions in a cash collateral account to be held by the Agent, for and on behalf of the Banks (which shall be an interest-bearing account), on such terms and conditions as are reasonably acceptable to Agent and the Majority Banks and, subject to the terms and conditions of such cash collateral account, sums on deposit therein shall be applied (until exhausted) to reduce the principal balance of the Revolving Credit on the last day of each Interest Period attributable to the applicable Eurocurrency-based Advances of the Revolving Credit (subject to the right to reborrow, as aforesaid); and

(e) If such additional Debt is to be secured, the applicable Lien shall arise only pursuant to the Security Agreement and/or the other Collateral Documents and each of the holders of such Debt shall become a party to the Intercreditor Agreement and shall execute and deliver such additional or related Loan Documents as reasonably requested by the Agent.

"Future Debt" shall mean Debt evidenced by Long Term Notes; provided that the aggregate principal amount of all such Debt outstanding at any time from and after the date hereof shall not exceed One Hundred Fifty Million Dollars ($150,000,000); and provided further that, at the time any such Debt is incurred, the Funding Conditions have been satisfied. For the purposes of this definition, "Long Term Notes" shall mean unsecured or secured non-revolving promissory notes to be issued by the Company, which Debt shall have a term extending at least beyond the Revolving Credit Maturity Date then in effect, have an amortization schedule not greater than level amortization to maturity (but with no principal payments required for a period of at least 12 months) and have no requirement for mandatory early repayment except (x) upon default, (y) following a change in control or (z) following the sale of any material portion of the assets of the Company or any of its Subsidiaries, to the extent of the proceeds of such sale.

"Program Agreement" shall mean that certain Auto Finance Alliance Program Agreement between the Company and a certain finance company dated as of May 6, 2002, as previously approved by the requisite Banks (the "Existing Agreement"), and each other agreement providing for the transfer to Program Participants of eligible Installment Contracts satisfying the applicable credit guidelines in effect under such agreement, on substantially the terms of the Existing Agreement (as determined by the Agent, in its reasonable discretion), as such agreements may be amended (subject to the terms hereof) from time to time.

"Program Contract(s)" shall mean eligible Installment Contracts satisfying basic credit guidelines applicable under a Program Agreement from time to time in effect generated by the Company's Dealers and transferred to the Company or a Subsidiary, for further transfer to a Program Participant.

"Program Participant" shall mean that certain finance company which is a party to the Existing Finance Agreement (defined in the definition of "Program Agreement") and such other Persons which contract with the Company or a Subsidiary, from time to time, under a Program Agreement.

"Program Transfer" shall mean the transfer by the Company or a Subsidiary to a Program Participant of a Program Contract.

"Scottish Partnership" shall mean a partnership established by the Company under the law of Scotland pursuant to the UK Restructuring and which is a wholly-owned Subsidiary of the Company. [CHANGES FROM EXISTING DEFINITION SHOWN IN ITALICS]

"Security Agreement" is defined in the definition of Collateral Documents.

"Stapled Stock Restructuring" shall mean a series of transfers, mergers, amalgamations and similar transactions involving ownership interests (but not involving any transfers of Advances to Dealers, Installment Contracts or other financial assets, or similar transactions) among the Company and its Subsidiaries, including without limitation the formation of a new wholly-owned Subsidiary under the laws of the Turks & Caicos Islands ("T&C Subsidiary"), which will be "stapled" to the Company's existing Domestic Subsidiary, CAC South Dakota (such that the shares of each stapled Subsidiary cannot be transferred without the other), the formation of a limited liability company as a

Subsidiary of the T&C Subsidiary or CAC South Dakota and the transfer by the Company to CAC Scotland (or its Subsidiaries) of all of the share capital of CAC Ireland and CAC Canada, such transactions resulting in the restructuring of the ownership of the Company's Foreign Subsidiaries as shown on Exhibit R to the Credit Agreement.

"T&C Subsidiary" is defined in the definition of Stapled Stock Restructuring.

"UK Restructuring" shall mean (i) the creation by the Company of the Scottish Partnership, the Luxembourg Subsidiary and the English Special Purpose Subsidiary, (ii) the Company's capitalization of the Scottish Partnership with CAC UK stock, (iii) Intercompany Loans from time to time from the Company to the Scottish Partnership, directly, or indirectly through one or more holding companies, in an amount substantially equivalent to the fair market value of assets being transferred to the English Special Purpose Subsidiary at such time by CAC UK, provided that such Intercompany Loans are substantially contemporaneously repaid pursuant to clauses (ix) and (x) of this definition, (iv) the contribution of a nominal amount of capital to the Luxembourg Subsidiary, (v) the contributions to capital by the Scottish Partnership to the English Special Purpose Subsidiary out of the proceeds of the Company's contemporaneous loan to the Scottish Partnership under clause (iii) of this definition, (vi) Intercompany Loans from time to time by the Scottish Partnership to the Luxembourg Subsidiary out of the proceeds of the Company's contemporaneous loan to the Scottish Partnership under clause (iii) of this definition, (vii) Intercompany Loans from time to time by the Luxembourg Subsidiary to the English Special Purpose Subsidiary substantially equal to the contemporaneous loans made to the Luxembourg Subsidiary by the Scottish Partnership, (viii) transfers from time to time of Advances to Dealers (and its rights in the related Installment Contracts or Leases) by CAC UK to the English Special Purpose Subsidiary for cash consideration in an amount substantially equivalent to the fair market value of the assets being transferred to the English Special Purpose Subsidiary at such time by CAC UK, (ix) dividends from CAC UK to Scottish partnership in an amount substantially equal to the cash received by CAC UK in exchange for the assets transferred at such time to the English Special Purpose Subsidiary, and (x) repayments from time to time of the Intercompany Loans (referred to in clause (iii) of this definition) by the Scottish Partnership to the Company, directly, or indirectly through one or more holding companies. [CHANGES FROM EXISTING DEFINITION ARE SHOWN IN ITALICS]

"US LLC" shall mean that certain limited liability company chartered in the United States and established as part of the Stapled Stock Restructuring.

2. Section 1 of the Credit Agreement is further amended by amending the following definitions in the manner set forth below:

"Advances to Dealers" is amended by adding, to the end of clause (a) (after the word "discharged", but before the word "or") the words "any such advances (and the related Installment Contracts, if any) made to a Dealer in connection with a Program Contract".

Clause (a) of the definition of "Collateral" is amended to add in the eighth line thereof (following the words "of Dealers under Dealer Agreement", after the parenthetical but before the comma) the words "and all Program Agreements (but excluding any Program Contracts, it being understood that the security interest in Program Agreements shall be subject to the rights of the Program Participants under the Program Agreements)".

Clause (e) of the definition of "Collateral" is amended and restated in its entirety, as follows:

> "(e) subject to Section 7.23 hereof, one hundred percent (100%) of the share capital of T&C Subsidiary and of CAC South Dakota (whether or not constituting a Significant Domestic Subsidiary) and, until released pursuant to Section 7.23 hereof or otherwise, not less than sixty-five percent (65%) of the share capital of CAC Canada, CAC Ireland and each other Foreign Subsidiary which is owned directly by the Company or a Domestic Subsidiary and which is a Significant Subsidiary,"

Existing clause (v) of the definition of "Collateral Documents" is redesignated as clause (vi) and new clause (v) is added to the definition of Collateral Documents, as follows:

> "(v) those certain lien, charge or other security documents executed and delivered, or to be executed and delivered hereunder in order to encumber 65% of the outstanding share capital of CAC Canada and CAC Ireland (to be released in accordance with Section 7.23 hereof) and, concurrently with the consummation of the Stapled Stock Restructuring, 100% of the share capital of the T&C Subsidiary, executed and delivered (or to be executed and delivered) by the Company or any of its subsidiaries and delivered to the Agent, as Collateral Agent (as aforesaid) and".

"Consolidated Net Income" is amended to add, at the end of clause (d) thereof (immediately preceding the semicolon) the words "and the non-cash effect of stock option expense (whether constituting a gain or a loss).

"Permitted Guaranties" is amended to add, at the end of such definition (immediately preceding the period) the words "and (v) Guarantee Obligations arising out of terms of any Program Agreement requiring the repurchase of a Program Contract with respect to which there has been a breach of covenant or representation under the Program Agreement".

"Permitted Transfer(s)" is amended to add, at the end of such definition (immediately preceding the period) the words "and (v) any transfer of funds or other property paid as a dividend by a Subsidiary to the Company or any other Subsidiary to the extent permitted by clause (i) of Section 8.15 hereof".

The reference in "Revolving Credit Maturity Date" to June 10, 2002, is changed to June 9, 2003.

The proviso to the definition of "Significant Subsidiary(ies)" is amended to add, after the words "Scottish Partnership", the words ", the US LLC (so long as it is considered a Foreign Subsidiary hereunder)".

3. Section 2.13(b) of the Credit Agreement is amended to add, in the first line thereof (after the word "day") the words ", through but not after June 10, 2002," and to amend and restate, in its entirety, the third sentence of said Section, as follows:

"The Utilization Fee shall be computed on the basis of a year of three hundred sixty (360) days and assessed for the actual number of days elapsed through (but not after) June 10, 2002, and shall be payable in arrears commencing July 1, 2001 (in respect of the prior fiscal quarter or portion thereof) and on the first day of each fiscal quarter thereafter and on June 10, 2002, but not thereafter."

4. Section 7 of the Credit Agreement is amended as follows:

(a) The preamble to Section 7 is amended to change the reference to Section 7.22 (in the third line thereof) to Section 7.23.

(b) Section 7.1(iii) is amended and restated in its entirety as follows:

"(iii) continue to engage only in the businesses as substantially now conducted by the Company and its Subsidiaries and businesses reasonably related thereto;".

(c) New Section 7.23 (Stapled Stock Restructuring) is added, as follows:

"7.23 Stapled Stock Restructuring. Concurrently with the consummation of the Stapled Stock Restructuring, the Company shall:

(a) transfer its existing sixty-five percent (65%) in aggregate partnership interests of the Scottish Partnership presently encumbered for the benefit of the Lenders under that certain Assignation in Security dated September 10, 2001 subject to such Assignation, and/or cause the T&C Subsidiary to execute and deliver to the Collateral Agent, for the benefit of the Lenders, a new Assignation encumbering such 65% in aggregate partnership interests, on substantially the terms of the existing Assignation, and execute (or re-execute) or cause to be executed (or re-executed) any related documentation required under local law;

(b) Execute and deliver, in favor of the Collateral Agent, for the benefit of the Lenders, a security interest and pledge encumbering 100% of the outstanding share capital of the

T&C Subsidiary and cause the T&C Subsidiary to become partners (by joinder) to the Domestic Guaranty; and

(c) Execute and deliver, in favor of the Collateral Agent, for the benefit of the Lenders, a security interest and pledge encumbering 100% of the issued and outstanding share capital of CAC South Dakota and cause CAC South Dakota to become a party (by joinder) to the Domestic Guaranty,

in each case whether or not the T&C Subsidiary or CAC South Dakota shall then constitute Significant Subsidiaries hereunder; provided, however, that contemporaneously with satisfaction of the requirements set forth in clauses (a) through (c) of this Section 7.23, the Collateral Agent shall have released and discharged (or caused to be released and discharged) the lien and charge, existing as of the Second Amendment Effective Date, on the Company's entire interest in the share capital of CAC Canada and CAC Ireland.

5. Section 8 of the Credit Agreement is amended as follows:

(a) The preamble to Section 8 is amended to add, after the reference to Section 8.14 (in the fourth line thereof) the words "and 8.15".

(b) Section 8.3 (Mergers or Dispositions) is amended to add, (i) after the word "thereof" (in the second line thereof), the words "or a merger pursuant to the Stapled Stock Restructuring, (ii) after the words "UK Restructuring (in the fourth and fifth lines thereof), the words "or the Stapled Stock Restructuring and except for Program Transfers" and (iii) in the fifth line thereof (after the word "thereto") the parenthetical phrase "(except in the case of Program Transfers)".

(c) Clause (g)(v) of Section 8.5 is amended to add, after the word "Company", the words ", another Foreign Subsidiary".

(d) Section 8.7 is amended to add, in clause (iii) thereof (after the words "UK Restructuring"), the words "or the Stapled Stock Restructuring".

(e) Clause (d)(i) of Section 8.8 is amended to add at the end of such clause, after the words "UK Restructuring" (preceding the comma), the words "or the restructuring of the ownership of the Company's Subsidiaries (but without the transfer of any cash or other property other than to the extent necessary, upon formation, to meet minimum capitalization requirements, if any, under applicable law) pursuant to the Stapled Stock Restructuring, as shown on Exhibit R hereto, and Intercompany Loans, Advances and Investments made to the Company or another Subsidiary by a Foreign Subsidiary pursuant to the Stapled Stock Restructuring", and clause (d)(ii) of Section 8.8 is amended to add, after the words "to or in" (in the first line of such clause), the words "the Company or" and clause (d)(iii) of Section 8.8 is amended to add after the words "UK Restructuring", the words "or the Stapled Stock Restructuring".

(f) Clause (g) of Section 8.8 is amended to add, at the end of said Section (following the word "Investment"), the words "or any Investment in Program Contracts which is not prohibited by Section 8.18 hereof or in Installment Contracts required to be repurchased by the Company or a Subsidiary under a Program Agreement.

(g) Section 8.9 is amended to add, after the words "Permitted Securitization" (in clause (iii) thereof) the words "or a Program Transfer".

(h) Section 8.11 is amended to add, after the words "purchase money Debt" (in the seventh line thereof), the words "and other than pursuant to any Program Agreement, but only to the extent of the Program Contacts to be transferred to the Program Participant thereunder."

(i) New Section 8.18 ("Program Agreements") is added, as follows:

"Program Agreements. (a) Amend, modify or otherwise alter (or suffer to be amended, modified or altered), any Program Agreement or any other document or instrument relating thereto unless (i) not less than three (3) Business Days prior to the Effective Date of any such amendment or modification, Company has provided written notice to Agent (accompanied by a copy of any such proposed amendment or modification and reasonable supporting information) and (ii) any such amendment, modification or alteration could not reasonably be expected to have a Material Adverse Effect (as reasonably determined by the Agent) or is approved by the Majority Banks; and

(b) make an Investment or otherwise provide funds, directly or indirectly, in an aggregate amount at any time outstanding in excess of $2,000,000 to Company's Dealers in connection with the origination of Program Contracts or Program Transfers, except to the extent such funds are obtained, in cash, from the applicable Program Participant prior to any such Investment or other provision of funds, or make any commitment to a Program Participant to do so."

6. Section 9.1(i) of the Credit Agreement is amended and restated in its entirety, as follows:

(i) (a) Any Person or group of Persons (within the meaning of Section 13(d) of the Securities Exchange Act of 1934, as amended), other than Donald Foss, his wife and children or trust(s) established for his or their benefit, shall acquire beneficial ownership (within the meaning of Rule 13d-3 promulgated under such Act) of more than 50% of the outstanding securities (on a fully diluted basis and taking into account any securities or contract rights exercisable, exchangeable or convertible into equity securities) of the Company having voting rights in the election of directors under normal circumstances; or (b) a majority of the members of the Board of Directors of the Company shall cease to be Continuing Members. For purposes of the foregoing; "Continuing Member" means a member of the Board of Directors of the Company who either (i) was a member of the

Company's Board of Directors on the day before the Second Amendment Effective Date (as defined in the Second Amendment) and has been such continuously thereafter or (ii) became a member of such Board of Directors after the day before the Second Amended Effective Date and whose election or nomination for election was approved by a vote of the majority of the Continuing Members who are then members of the Company's Board of Directors; or (c) there shall occur a "Change in Control" (or equivalent event thereunder) under the documents relating to the Senior Debt (if then outstanding) or any Future Debt then outstanding; or".

7. Replacement Exhibit D, setting forth the Percentages (in the form of Attachment 1 to this Second Amendment), shall replace existing Exhibit D. New Exhibit R (in the form of Attachment 2 to this Second Amendment) is added to the Credit Agreement.

8. This Second Amendment shall become effective, according to the terms and as of the date hereof ("Second Amendment Effective Date"), upon satisfaction by the Company and the Permitted Borrowers of the following conditions:

   (a) Agent shall have received counterpart originals of this Second Amendment, together with counterpart originals of amendments to the Security Agreement and the Intercreditor Agreement (collectively, the "Loan Document Amendments") in each case duly executed and delivered by Company, the Permitted Borrowers and the requisite Banks, as applicable, in each case in form satisfactory to Agent, the Collateral Agent and the Banks;

   (b) Agent shall have received from the Company and each of the Permitted Borrowers a certification (i) that all necessary actions have been taken by such parties to authorize execution and delivery of this Second Amendment and the Loan Document Amendments, supported by such resolutions or other evidence of corporate authority or action as reasonably required by Agent and the Majority Banks and that no consents or other authorizations of any third parties are required in connection therewith; and (ii) that, after giving effect to this Second Amendment, no Default or Event of Default has occurred and is continuing on the proposed effective date of the Second Amendment; and

   (c) Company shall have paid (i) to the Banks (or to the Agent for prompt distribution to the Banks) an amendment and extension fee in the amounts shown on the attached pricing schedule (see Attachment 3), (ii) to the Lead Arranger (for its sole account), any arranger's fee due under any fee letter in effect on the date hereof, and (iii) to the Agent (for its sole account), any agency fee due under any fee letter in effect on the date hereof.

   If the foregoing conditions have not been satisfied or waived on or before June 10, 2002, this Second Amendment shall lapse and be of no further force and effect.

9. Each of the Company and the Permitted Borrowers ratifies and confirms, as of the date hereof and after giving effect to the amendments contained herein, each of the representations and warranties set forth in Sections 6.1 through 6.21, inclusive, of the

Credit Agreement and acknowledges that such representations and warranties are and shall remain continuing representations and warranties during the entire life of the Credit Agreement.

10. Except as specifically set forth above, this Second Amendment shall not be deemed to amend or alter in any respect the terms and conditions of the Credit Agreement, any of the Notes issued thereunder or any of the other Loan Documents, or to constitute a waiver by the Banks or Agent of any right or remedy under or a consent to any transaction not meeting the terms and conditions of the Credit Agreement, any of the Notes issued thereunder or any of the other Loan Documents.

11. Unless otherwise defined to the contrary herein, all capitalized terms used in this Second Amendment shall have the meaning set forth in the Credit Agreement.

12. This Second Amendment may be executed in counterpart in accordance with Section 13.10 of the Credit Agreement.

13. Comerica Bank - Canada having been designated by Comerica Bank, in its capacity as Swing Line Bank (and as a Bank) under the Credit Agreement to fund Comerica Bank's advances in C$ pursuant to Section 11.12 of the Credit Agreement, has executed this Second Amendment to evidence its approval of the terms and conditions thereof.

14. This Second Amendment shall be construed in accordance with and governed by the laws of the State of Michigan.

[SIGNATURES FOLLOW ON SUCCEEDING PAGES]

WITNESS the due execution hereof as of the day and year first above written.

COMERICA BANK,
as Agent

By: /s/ Caryn Dorfman

Its: Assistant Vice President

One Detroit Center
500 Woodward Avenue
Detroit, Michigan 48226
Attention: Caryn Dorfman

CREDIT ACCEPTANCE
CORPORATION

By: /s/ Douglas W. Busk

Its: Chief Financial Officer

COMERICA BANK - CANADA

By: /s/ Robert Rosen

Its: Vice President

CREDIT ACCEPTANCE
CORPORATION UK LIMITED

By: /s/ Douglas W. Busk

Its: Chief Financial Officer

CAC OF CANADA LIMITED

By: /s/ Douglas W. Busk

Its: Chief Financial Officer

CREDIT ACCEPTANCE
CORPORATION IRELAND LIMITED

By: /s/ Douglas W. Busk

Its: Chief Financial Officer

BANKS:

COMERICA BANK	BANK OF AMERICA, N.A.
By: /s/ Caryn Dorfman	By: /s/ Shelly K. Harper
Its: Assistant Vice President	Its: Principal
LASALLE BANK NATIONAL ASSOCIATION	NATIONAL CITY BANK OF MICHIGAN/ILLINOIS
By: /s/ Daniel Garces	By: /s/ Harve C. Light
Its: Assistant Vice President	Its: Vice President

HARRIS TRUST AND SAVINGS BANK

By: /s/ Michael Cameli

Its: Vice President

FIFTH THIRD BANK (EASTERN MICHIGAN)

By: /s/ Michael Dolson

Its: Vice President

ATTACHMENT 1 TO
SECOND AMENDMENT TO CREDIT AGREEMENT

REVISED EXHIBIT D

PERCENTAGES

BANKS	COMMITMENT	PERCENTAGES
Comerica Bank	$30,000,000	22.22222222%
Bank of America, N.A.	$30,000,000	22.22222222%
LaSalle National Bank	$20,000,000	14.81481481%
Harris Trust and Savings Bank	$20,000,000	14.81481481%
National City Bank of Michigan/Illinois	$20,000,000	14.81481481%
Fifth Third Bank	$15,000,000	11.1111111%
TOTAL	$135,000,000	100.00%

ATTACHMENT 3 TO
SECOND AMENDMENT TO CREDIT AGREEMENT

PRICING SCHEDULE
(AMENDMENT AND EXTENSION FEE)

COMMITMENT AMOUNT	FEE AMOUNT (BASIS POINTS)
<$15.0 million	30 bps.
Equal to $15.0 million, but < $20.0 million	40 bps.
Equal to $20.0 million, but < $30.0 million	47.5 bps.
Equal to $30.0 million	60.0 bps.

EXHIBIT 4(f)(40)

SECOND AMENDMENT TO INTERCREDITOR AGREEMENT

This SECOND AMENDMENT TO INTERCREDITOR AGREEMENT dated as of June 10, 2002 ("Second Amendment") is entered into by and among (a) Comerica Bank ("Comerica"), acting in its capacity as agent (in such capacity, the "Agent") for and on behalf of the various financial institutions which are, or may from time to time hereafter become, parties to the Credit Agreement, (b) the undersigned Lenders (including Comerica in its individual capacity), and (c) Comerica, in its capacity as collateral agent hereunder (together with its successors and assigns, the "Collateral Agent"), and is acknowledged by Credit Acceptance Corporation, a Michigan corporation ("Company") as issuer of the Benefited Obligations.

RECITALS

A. Agent, Collateral Agent, each of the undersigned Lenders (or their predecessors), and certain Noteholders entered into that certain Intercreditor Agreement dated as of December 15, 1998 which was acknowledged by the Company as of such date and which was amended by the parties by First Amendment ("First Amendment") dated as of March 30, 2001 (as so amended, the "Intercreditor Agreement").

B. Subsequent to the First Amendment, the Senior Debt (as defined in the Intercreditor Agreement) was paid and discharged in full by the Company.

C. At the request of the Company, and in connection with certain amendments to be made to the Credit Agreement concurrently with this Second Amendment, the undersigned parties have agreed to amend the terms and conditions of the Intercreditor Agreement, but only as set forth herein.

NOW, THEREFORE, the parties have entered into this Second Amendment to make further amendments to the Intercreditor Agreement, as follows:

1. The following definitions contained in Section 1 of the Intercreditor Agreement are amended and restated in their entirety, as follows [CHANGES SHOWN IN BOLD ITALICS]:

> "Future Debt" means Debt, if any, incurred by the Company as "Future Debt" pursuant to the requirements and limitations applicable thereto under the Credit Agreement (without giving effect to any amendments to such requirements and limitations after the incurrence of any Future Debt, except to the extent approved by the Required Future Debt Holders) which is secured or to be secured by a Lien on the Collateral, as so designated by the Company in a writing delivered to and acknowledged by the Collateral Agent pursuant to Section 7(a) hereof, but shall not include any other Debt.
>
> "Future Debt Documents" means the promissory note(s), agreement(s) and other documents, instruments and certificates, if any, executed and delivered, subject to the terms of this Agreement, to evidence or secure or otherwise relating to Future Debt, as amended, restated or otherwise modified from time to time, and any

replacement, refinancing or restructuring of any such promissory note, agreement or other document, instrument or certificate, provided that any successor Future Debt Holder, or any agent acting on behalf of all such successor Future Debt Holders, has executed an acknowledgement to this Agreement substantially in the form of Exhibit B-1.

"Future Debt Holders" means each Person, if any, which is, at the date of determination, the holder of Future Debt.

"Permitted Securitization" means any "Permitted Securitization" under the Credit Agreement and the Future Debt Documents.

"Security Agreement" means that certain Second Amended and Restated Security Agreement executed and delivered by the Company and certain of its Subsidiaries, as debtors and Grantors, in favor of the Collateral Agent, for and, on behalf of the holders of the Benefited Obligations, as such agreement may be amended, restated or otherwise modified from time to time.

"Security Documents" means this Agreement, the Security Agreement, and the Share Charge, and shall include any other agreements or instruments which provide security with respect to any Benefited Obligation which are executed and delivered after the date hereof.

"Share Charge" means each share charge, pledge, assignation or other document or instrument encumbering, for the benefit of the holders of the Benefited Obligations, the share capital, partnership interests or other equity or ownership interests of the Company or its Subsidiaries in a Subsidiary established under the laws of a jurisdiction other than the United States of America, or any state, territory or district thereof, whether such document or instrument is presently in effect or is executed and delivered after the date hereof, as each such document or instrument may be amended, restated or otherwise modified from time to time, and all such documents and instruments collectively.

"Significant Domestic Subsidiary" means any "Significant Domestic Subsidiary" under the Credit Agreement or the Future Debt Documents.

2. Section 7(b) of the Intercreditor Agreement is amended and restated, in its entirety, as follows [CHANGES SHOWN IN BOLD ITALICS]:

"(b) Upon the acquisition or creation of any Subsidiary that constitutes a Significant Domestic Subsidiary or otherwise when required under the applicable terms of any Financing Agreement, (i) the Company shall execute, and cause such Subsidiary to execute, and deliver to the Collateral Agent and each Benefited Party the Security Documents to the extent required by the Credit Agreement and/or the applicable provisions of the Note Agreements or any Future Debt Documents and (ii) the Company shall cause such newly acquired or created Subsidiary (and any other Subsidiary required to deliver a stock pledge under the applicable terms of the Security Agreement, any Share Charge or any other

Security Agreement or Financing Agreement) to execute and deliver to the Collateral Agent an acknowledgment substantially in the form of Exhibit B-2 attached to this Agreement, by which such Subsidiary agrees to be bound by the terms of this Agreement. Each such acknowledgment shall also be signed by the Company and the Collateral Agent."

3. Sections 11(o) and 11(p) of the Intercreditor Agreement are hereby deleted in their entirety.

4. Except to the extent otherwise defined herein, all capitalized terms used in this Amendment shall have their respective meanings as set forth in the Intercreditor Agreement.

5. Agent, Collateral Agent, the Lenders, and Company hereby acknowledge that, subject to the terms hereof, the Intercreditor Agreement is and shall remain in full force and effect according to its terms.

6. This Amendment may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

* * *

[SIGNATURES FOLLOW ON SUCCEEDING PAGES]

IN WITNESS WHEREOF, the undersigned parties have caused this Amendment to be duly executed and delivered as of the date first above written.

COMERICA BANK,
as Agent and as Collateral Agent

By: /s/ Caryn Dorfman

Its: Assistant Vice President

ACKNOWLEDGED BY:

CREDIT ACCEPTANCE CORPORATION

By: /s/ Douglas W. Busk

Its: Chief Financial Officer

Date: June 10, 2002

AUTO FUNDING AMERICA OF NEVADA INC.
CREDIT ACCEPTANCE CORPORATION
LIFE INSURANCE COMPANY
BUYERS VEHICLE PROTECTION PLAN, INC.
CAC LEASING, INC.
VEHICLE REMARKETING SERVICES, INC.
CREDIT ACCEPTANCE CORPORATION OF
NEVADA, INC.

By: /s/ Douglas W. Busk

Name: Douglas W. Busk

Title: Chief Financial Officer

Address for Notices:
c/o Credit Acceptance Corporation
25505 W. 12 Mile Road, Suite 3000
Southfield, Michigan 48034
Fax No.: 248-827-8542
Telephone No.: 248-353-2700
Attention: Jim Murray

BANKS:

COMERICA BANK

By: /s/ Caryn Dorfman

Its: Assistant Vice President

BANK OF AMERICA, N.A.

By: /s/ Shelly K. Harper

Its: Principal

LASALLE BANK NATIONAL ASSOCIATION

By: /s/ Daniel Garces

Its: Assistant Vice President

NATIONAL CITY BANK OF MICHIGAN/ILLINOIS

By: /s/ Harve C. Light

Its: Vice President

HARRIS TRUST AND SAVINGS BANK

By: /s/ Michael Cameli

Its: Vice President

FIFTH THIRD BANK (EASTERN MICHIGAN)

By: /s/ Michael Dolson

Its: Vice President

[SIGNATURE PAGE TO SECOND AMENDMENT TO INTERCREDITOR AGREEMENT]

SECOND AMENDMENT TO SECOND AMENDED AND RESTATED SECURITY AGREEMENT

This Second Amendment dated as of June 10, 2002, by and between Credit Acceptance Corporation, a Michigan corporation (the "Company"), the Subsidiaries of the Company from time to time parties hereto (collectively, with the Company, and either or any of them, the "Debtors" and individually, each a "Debtor") and Comerica Bank, a Michigan banking corporation ("Comerica"), as agent (in such capacity, the "Collateral Agent") for the benefit of the "Lenders", the "Noteholders" and the "Future Debt Holders" (each as referred to in the Security Agreement, defined below).

RECITALS:

A. Pursuant to the Credit Agreement, the Senior Debt Documents and the Intercreditor Agreement (each as defined in the Security Agreement), Debtors executed and delivered to the Collateral Agent that certain Second Amended and Restated Security Agreement dated as of June 11, 2001.

B. Debtors and the Collateral Agent entered into that certain First Amendment to Second Amended and Restated Security Agreement ("First Amendment") dated as of September 7, 2001, amending the Security Agreement referred to in Recital A on the terms set forth therein (such Security Agreement, as amended by the First Amendment, the "Security Agreement").

C. Subsequent to the First Amendment, the Senior Debt (as defined in the Intercreditor Agreement) was paid and discharged in full by the Company.

D. Debtors and the Collateral Agent, with the concurrence of the Banks (as defined in the Intercreditor Agreement), desire to amend the Security Agreement as set forth below.

NOW THEREFORE, the parties agree as follows:

1. Section 1.1 of the Security Agreement is amended, as follows:

(a) The following new definitions are added to Section 1.1, and inserted in appropriate alphabetical order:

"CAC South Dakota" means Credit Acceptance Corporation of South Dakota, Inc.

"CAC Reinsurance" means CAC Reinsurance Limited.

"Program Agreements" shall mean the "Program Agreements" under each of the Credit Agreement and the applicable Future Debt Documents.

"Program Contracts" shall mean the "Program Contracts" under each of the Credit Agreement and the applicable Future Debt Documents.

"Program Participants" shall mean the "Program Participants" under each of the Credit Agreement and the applicable Future Debt Documents.

"Program Transfers" shall mean the "Program Transfers" under each of the Credit Agreement and the applicable Future Debt Documents.

"Stapled Stock Restructuring" shall mean the "Stapled Stock Restructuring" under each of the Credit Agreement and the applicable Future Debt Documents.

"T & C Subsidiary" shall mean the "T & C Subsidiary" under each of the Credit Agreement and the applicable Future Debt Documents.

(b) The following definitions are amended and restated in their entirety, as follows:

"Significant Domestic Subsidiary" has the meaning specified in the Intercreditor Agreement.

2. Section 2.1 of the Security Agreement is hereby amended, as follows [CHANGES ARE SHOWN IN ITALICS]:

(a) Section 2.1(d) is amended and restated in its entirety as follows:

> "(d) All General Intangibles, including without limitation all Program Agreements (but excluding any Program Contracts), it being understood that the security interest in Program Agreements granted hereby shall be subject to the rights of Program Participants under the Program Agreements;"

(b) The second proviso at the end of Section 2.1 (establishing certain exclusions from "Collateral") is amended to add a new clause (iii) (following the words "as the case may be", but preceding the period), as follows:

> "or (iii) Program Contracts and any investments, advances or similar rights relating to funds provided by a Debtor, directly or indirectly, to Dealers in connection with the origination of Program Contracts or Program Transfers, to the extent not prohibited under the Financing Agreements."

3. Upon the consummation of the Stapled Stock Restructuring in accordance with the applicable Financing Agreements, the First Amendment and each of the changes contained therein shall be rescinded and set aside so that such amendments shall have no further force and effect, provided, however, that the Security Agreement, as amended by this Second Amendment, shall otherwise remain in full force and effect according to its terms. The Collateral Agent agrees, promptly following consummation of the Stapled Stock Restructuring in accordance with the applicable Financing Agreements, to provide written confirmation thereof to Debtors, accompanied by such releases, discharges, termination statements (and, if applicable, the return of any share certificates and stock powers) and other documents or instruments as reasonably required to release any Collateral added to the Security Agreement by the First Amendment.

4. Upon Collateral Agent's delivery of the confirmation and other materials referred to in paragraph 3 of this Second Amendment:

(a) Schedule A to the Security Agreement shall be amended to add CAC South Dakota and the information pertaining thereto, as shown on Attachment 1 hereto, and Schedule B to the Security Agreement shall be amended to add a reference to CAC South Dakota and the information pertaining thereto, as shown on Attachment 1 hereto;

(b) the replacement Schedule D (Pledged Shares) to the Security Agreement set forth on Attachment 2 hereto, adding CAC South Dakota and the T&C Subsidiary and deleting CAC Canada, shall replace in its entirety the existing Schedule D (Pledged Shares) to the Security Agreement, and Schedule E to the Security Agreement shall be amended to add a reference to CAC South Dakota and under such reference, the word "none";

(c) CAC South Dakota shall be considered, and deemed to be, for all purposes of the Security Agreement, a Debtor under the Security Agreement as fully as though CAC South Dakota had executed and delivered the Security Agreement at the time originally executed and delivered by the existing Debtors, and hereby ratifies and confirms (as of date of the delivery by Collateral Agent of the confirmation referred to above) its obligations under the Security Agreement, all in accordance with the terms hereof; and

(d) CAC Reinsurance shall be considered, and deemed to be, solely for purposes of the stock pledge over all of its shares of stock in the T&C Subsidiary and CAC South Dakota, granted under Section 2.1(i) and (l) of the Security Agreement a Debtor under the Security Agreement as fully as though CAC Reinsurance had executed and delivered the Security Agreement at the time originally executed and delivered by the existing Debtors, and hereby ratifies and confirms (as of the date of delivery by the Collateral Agent of the confirmation referred to above), its obligations under the Security Agreement (to the extent relating thereto), all in accordance with the terms hereof.

Notwithstanding the foregoing, (x) unless and until the Collateral Agent delivers the confirmation and other materials referred to in paragraph 3 of this Second Amendment, CAC South Dakota and CAC Reinsurance shall have no obligations under the Security Agreement; and (y) the stock pledges over the shares of stock of the T&C Subsidiary shall be subject to any pledge under local law executed and delivered by CAC Reinsurance and the Company, if so executed and delivered.

5. Except as expressly modified hereby, all the terms and conditions of the Security Agreement shall remain in full force and effect. Except as expressly set forth herein, nothing in this Amendment shall constitute a waiver of any term or condition of the Security Agreement or any of the rights and remedies provided to the Secured Party thereunder or as otherwise provided by law.

IN WITNESS WHEREOF, the parties hereto have duly executed this Amendment as of the day and year first written above.

DEBTORS:

CREDIT ACCEPTANCE CORPORATION

By: /s/ Douglas W. Busk

Name: Douglas W. Busk

Title: Chief Financial Officer

Address for Notices:
Credit Acceptance Corporation
25505 W. 12 Mile Road, Suite 3000
Southfield, Michigan 48034
Fax No.: 248-827-8542
Telephone No.: 248-353-2700
Attention: Jim Murray

AUTO FUNDING AMERICA OF NEVADA INC.
CREDIT ACCEPTANCE CORPORATION LIFE INSURANCE COMPANY
BUYERS VEHICLE PROTECTION PLAN, INC. CAC LEASING, INC.
VEHICLE REMARKETING SERVICES, INC.
CREDIT ACCEPTANCE CORPORATION OF NEVADA, INC.
CREDIT ACCEPTANCE CORPORATION OF SOUTH DAKOTA CAC REINSURANCE LIMITED

By: /s/ Douglas W. Busk

Name: Douglas W. Busk

Title: Chief Financial Officer

Address for Notices:
c/o Credit Acceptance Corporation
25505 W. 12 Mile Road, Suite 3000
Southfield, Michigan 48034
Fax No.: 248-827-8542
Telephone No.: 248-353-2700
Attention: Jim Murray

COLLATERAL AGENT:

COMERICA BANK as Collateral Agent

By: /s/ Caryn Dorfman

Name: Caryn Dorfman

Title: Assistant Vice President

Address for Notices:
Metropolitan Loans D
One Detroit Center, 6th Floor
500 Woodward Avenue
Detroit, Michigan 48226
Fax No.: 313/222-3503
Telephone No.:313/222-6034
Attention: Caryn Dorfman

EXHIBIT 4(f)(41)

ATTACHMENT 1
(AMENDING SCHEDULES A AND B
TO
SECURITY AGREEMENT)

SCHEDULE A (AMENDMENTS ONLY)

SCHEDULE B (AMENDMENTS ONLY)

ATTACHMENT 2
SCHEDULE D TO SECURITY AGREEMENT

Pledged Shares

Issuer	Owner	Certificate No.	No. of Pledged Shares	Pledged Shares as % of Total Shares Issued and Outstanding	Total Shares Issued and Outstanding
Auto Funding America of Nevada, Inc.	Company	1	1,000	100%	1,000
Buyers Vehicle Protection Plan, Inc.	Company	1	1,000	100%	1,000
CAC Leasing, Inc.	Company	1	1,000	100%	1,000
Vehicle Remarketing Services, Inc.	Company	1	10	100%	10
Credit Acceptance Corporation Life Insurance Company	Company	2	100,000	100%	100,000
Credit Acceptance Corporation of Nevada, Inc.	Company	1	1,000	100%	1,000
Credit Acceptance Corporation of South Dakota, Inc.	Company		900	90%	1,000
Credit Acceptance Corporation of South Dakota, Inc.	CAC Reinsurance		100	10%	1,000
T&C Subsidiary	Company			90%	
T&C Subsidiary	CAC Reinsurance			10%	
The entire Non-Specified Interest of Company in the Titling Subsidiary, evidenced by Certificate No. 1 under the Titling Subsidiary Agreements					

EXHIBIT 99(a)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Credit Acceptance Corporation (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brett A. Roberts, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Brett A. Roberts
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Brett A. Roberts
Chief Executive Officer
August 14, 2002

EXHIBIT 99(b)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Credit Acceptance Corporation (the "Company") on Form 10-Q for the period ending June 30, 2002 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas W. Busk, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Douglas W. Busk
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Douglas W. Busk
Chief Financial Officer
August 14, 2002